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Algeria	4.00	France	1.00	Germany	1.00	Italy	1.00	Japan	1.00	Spain	1.00	U.S.	1.00
Argentina	1.00	Belgium	1.00	Canada	1.00	Denmark	1.00	Finland	1.00	Greece	1.00	Ireland	1.00
Israel	1.00	Netherlands	1.00	Norway	1.00	Portugal	1.00	Sweden	1.00	Switzerland	1.00	Taiwan	1.00
Thailand	1.00	United Kingdom	1.00	West Germany	1.00	Yugoslavia	1.00						

## Shultz, Seeing 'Tyranny,' Asks Aid to Guerrillas in Nicaragua

By Bernard Gwertzman  
New York Times Service

WASHINGTON — Secretary of State George P. Shultz said today that if additional U.S. aid is denied to the rebels in Nicaragua, that country will fall into "the endless darkness of Communist tyranny" and that direct and costly U.S. action might be required later.

Mr. Shultz said Friday that Americans had "a moral duty" to help "the freedom fighters" who are engaged in combat with the government of Nicaragua. His suggestion that failure to do so might eventually force the United States into action there was the first such public statement by a senior Reagan administration official.

But President Ronald Reagan, in a meeting Friday with some editorial writers, said he did not envisage a U.S. invasion of Nicaragua as a possibility, given the opposition to such a move by Latin American nations friendly to the United States.

State Department officials said that Mr. Shultz's remarks were part of a stepped-up campaign by the Reagan administration to win congressional support for the Nicaraguan rebels.

Elaborating on Mr. Reagan's comment at a press conference Thursday that he wanted "to remove" the "present structure" of the Nicaraguan government, Mr. Shultz said it was "immaterial" to him how this was done.

He said the Managua authorities could do it on their own or through agreement with other countries. Or,

he said, it could be brought about "through the collapse of the Sandinista regime."

Senior State Department officials said the purpose of the polemical campaign, which was started by Mr. Reagan in a radio address Feb. 16, was to build a strong moral case for persuading Congress next month to approve \$14 million in "covert" funds already authorized for the rebels. The guerrillas are believed to have received more than \$80 million in recent years.

The administration also wants congressional approval for any additional secret funds that might become necessary in the future for the rebels.

A secondary reason, the officials said, was to put pressure on the Nicaraguan government to end what has been described as a Soviet and Cuban presence in Nicaragua, halt the support for rebels in neighboring countries, and provide guarantees for free elections.

The officials said that although alternatives to the covert financing through the Central Intelligence Agency have been studied, none of the possibilities seemed to them as good as the current method of secret funding.

They said they recognized that if a vote was taken in the House of Representatives now, the majority would probably turn the money down. But they said that the administration intended to avoid a vote for at least a month and to campaign hard to convince Congress of the moral and practical necessity for the money.

After Mr. Reagan's Feb. 16 radio address, Mr. Shultz told the House Foreign Affairs Committee on Tuesday that Nicaragua was falling behind "the Iron Curtain," and that Americans had a moral duty to help out the rebels who were trying to prevent the "door being slammed."

On Thursday, Mr. Reagan maintained the toughly worded rhetoric in his press conference, and on Friday both Mr. Shultz and Mr. Reagan returned to the theme.

Mr. Shultz, speaking in San Francisco, said that "the bottom line" in Nicaragua was this:

"Those who would cut off these freedom fighters from the rest of the democratic world are, in effect, consigning Nicaragua to the endless darkness of Communist tyranny. And they are leading the United States down a path of greater danger."

"For if we do not take the appropriate steps now to pressure the Sandinistas to live up to their past promises — to cease their arms buildup, to stop exporting tyranny across their borders, to open Nicaragua to the competition of freedom and democracy — then we may find later, when we can no longer avoid acting, that the stakes will be higher and the costs greater."

A senior State Department official said that the "Shultz argument" was that if the rebels were aided now, they could do the job, and the pressure on the Sandinistas

(Continued on Page 2, Col. 4)



Konstantin U. Chernenko, the Soviet leader, is shown voting in local elections. The picture was distributed by Tass, and film of Mr. Chernenko was shown on television on Sunday.

## Meese, After 13 Months, Confirmed By U.S. Senate as Attorney General

By Leslie Maitland Werner  
New York Times Service

WASHINGTON — The Senate has voted to confirm Edwin Meese 3d as attorney general, more than a year after he was first nominated by President Ronald Reagan.

The 63-31 vote on Saturday came after five days of filibustering by Farm Belt senators, who allowed the vote to take place after winning assurances that they could introduce legislation to provide emergency credit relief for farmers. Six senators did not vote.

Mr. Meese, 53, is to replace William French Smith as attorney general on Monday, when he is to be sworn in by a notary public. A formal ceremony is expected early next month.

All of those voting against Mr. Meese's confirmation on Saturday were Democrats.

Little debate preceded the confirmation vote, compared to the drawn-out hearings held last year and again this year by the Senate Judiciary Committee. Supporters and opponents of Mr. Meese each spoke for fifteen minutes before the Senate vote.

Senator Howard M. Metzenbaum, a Democrat of Ohio who is one of Mr. Meese's most persistent critics in the Senate, said, "Let us not kid ourselves. Mr. Meese's conduct has not indicated that he is a paragon of virtue. I would guess, as others, he will be confirmed this afternoon. We can only hope Mr. Meese's future conduct will be better than his past conduct."

But Senator Strom Thurmond, a Republican of South Carolina who is chairman of the Senate Judiciary Committee, said Mr. Meese, an advocate of strong law enforcement measures, "was selected and appointed by President Reagan. It is assumed he is a man of character and qualified for the position. Meese is a man of broad experience and he got a clean bill of health."

After the vote, Mr. Meese said he was "not bitter at all" over the confirmation struggle.

"I think that politics played a very big part in what took place, but that's all behind us," he said. Saturday's action brought to an end a difficult period for Mr. Meese, who had vowed to fight all obstacles to win the position to which Mr. Reagan nominated him on Jan. 23, 1984.

Last year, while Mr. Meese's confirmation hearings were in progress, it was disclosed that he had failed to reveal a \$15,000 interest-free loan on his financial disclosure forms, touching off an investigation by the Justice Department.

The inquiry was promptly broadened to include other allegations raised in the hearings, such as whether Mr. Meese had arranged federal jobs for several people who had done him financial favors and whether he had accepted preferential treatment in gaining an Army Reserve promotion.

The inquiry, which was turned over to a court-appointed independent counsel as prescribed by the Ethics in Government Act, cleared Mr. Meese of any violation of federal criminal law. The independent counsel, Jacob A. Stein, declined to evaluate Mr. Meese's ethical qualifications for office, saying it was beyond his jurisdiction.

Mr. Reagan then resubmitted the nomination of his longtime aide

and hearings resumed again last month. Critics contended, however, that far from exonerating Mr. Meese, the 385-page report issued in September by Mr. Stein displayed in detail a man lacking the ethical qualifications to be the nation's top law enforcement officer.

On Feb. 5, the Senate Judiciary Committee voted 12-6 to send the nomination to the Senate floor, dividing largely along party lines. The 31 negative votes were the most cast against a cabinet nominee in 14 years, and Common Cause, the citizen's lobby which opposed Mr. Meese, said it was the highest vote against a nominee for attorney general since 1925.

In the last several months, many high-ranking officials left the Justice Department. Mr. Smith, anticipating that he would soon be leaving as well, did not replace them.

As a result, Mr. Meese will be able to fill the top jobs in six units, including the Civil Division and the Land and Natural Resources Division, which have been operating with acting directors.

Mr. Meese is expected to be a

strong advocate for legislation that would allow evidence that is seized illegally to be introduced in court if police believed in good faith that they were seizing it legally. Mr. Meese also is expected to support the imposition of the death penalty for certain federal crimes and legislation that would restrict the rights of state prisoners to appeal their cases at the federal level.

But current department officials do not expect major policy changes under Mr. Meese who, along with Mr. Smith, shares the administration's conservative views on legal issues.

Mr. Smith, who became attorney general in 1981, originally announced his resignation in January 1984 and had intended then to return to the California law firm of Gibson, Dunn, & Crutcher, where he had served as Mr. Reagan's personal lawyer.

After Mr. Meese encountered difficulty in winning confirmation, administration officials, including Mr. Reagan, prevailed upon Mr. Smith to remain in office until Mr. Meese could be confirmed.

## Soviet Leader Is Seen on TV Casting a Ballot

By Celestine Bohlen  
Washington Post Service

MOSCOW — President Konstantin U. Chernenko appeared on Soviet television Sunday for the first time in almost two months to cast his vote in local Soviet elections.

The film on an evening news program showed a visibly weak Mr. Chernenko seated near a ballot box in a small room. He was later shown standing, receiving flowers and giving a message to election workers, surrounded by officials who included Viktor V. Grishin, the Moscow Communist Party chief and a fellow member of the ruling Politburo.

A commentator said that Mr. Chernenko was voting in the Krasnopreslenskiy district in Moscow, where he lives. But the room on television did not resemble the polling station where he normally votes.

Mr. Chernenko, dressed in a blue suit, spoke only a few words and appeared to have trouble walking. His gaze appeared tired and unfocused.

The scene was reminiscent of the last years of Leonid I. Brezhnev, who would make brief public appearances to dampen speculation that he was gravely ill.

Mr. Chernenko's appearance came as a surprise because his constituents in another Moscow district were told Friday that he could not deliver a traditional pre-election speech on the advice of doctors.

The announcement Friday had been the first official confirmation to the Soviet public that their leader was ill.

Mr. Chernenko, 73, who suffers from some form of lung ailment, possibly emphysema, was last seen publicly on Dec. 27, although he was reported to have attended a meeting of the Politburo on Feb. 7. His attendance at that meeting and his appearance Sunday suggested that his health was variable.

On Dec. 24, Mr. Chernenko was missing from the Red Square line-up at the funeral of Defense Minister Dmitri F. Ustinov. The day was bitterly cold and it was widely assumed that Mr. Chernenko was advised to stay indoors.

He reappeared on television three days later to give awards to Soviet writers and then disappeared from view.

Until Friday's announcement, there had been conflicting reports from Soviet officials about the state of his health. One had him on a winter vacation near Moscow, another said he had been ill.

An election day appearance is a traditional one for Soviet leaders. Earlier Sunday, as reporters gathered at Mr. Chernenko's local polling station, it became apparent that he would not show up in front of the foreign press.

Instead, attention was focused on Mikhail S. Gorbachev, who is widely considered second behind Mr. Chernenko in the Communist Party hierarchy and, therefore, a possible successor.

Mr. Gorbachev, who lives in the same district as Mr. Chernenko, as do other members of the Soviet leadership, cast his ballot before the cameras of both foreign and Soviet television.

At 53, Mr. Gorbachev is the Politburo's youngest member.

He was accompanied by his wife, Raisa, his daughter, Irina, and a granddaughter.

Sunday's elections, held across the Soviet Union, were for delegates to republican parliaments, city and district councils. As in all Soviet elections, the turnout was expected to be close to 99 percent — or 108 million citizens, voting in a poll with only one candidate for each post.

Mr. Chernenko and other members of the leadership were elected delegates to various republic's Supreme Soviets. Mr. Chernenko was elected to the Supreme Soviet of the Russian Federation.

## One Killed, 14 Injured in Bombing Of Marks & Spencer Store in Paris

By John Vinocur  
New York Times Service

PARIS — A bomb exploded at an entrance to the Paris branch of the British-owned department store Marks & Spencer as it opened for business on Saturday, killing one man and wounding 14 people, police said.

The police said they had no clear indication of who was responsible for the blast, although they had received a number of telephone calls concerning its origin.

The callers claimed to speak for the Caribbean Revolutionary Alliance, an outlawed group seeking independence for France's Caribbean territories; for Direct Action, a leftist extremist group that has announced its fusion with the Red Army Faction terrorists of West Germany; and for groups calling themselves the Fatah Revolutionary Command, and the International Collective Army Against Unemployment.

But police said that all the calls came hours after the blast was reported by French news organizations, and that none of the claims contained any technical details indicating firsthand knowledge about the explosion.

Employees at the store on Boulevard Haussmann, across the street from the department stores Galeries Lafayette and Au Printemps, said no threats had been received. Police said a French employee of the store, identified as Leonard Rochas, died of his wounds hours after the explosion. Two other Frenchmen were reported seriously wounded. The others wounded, including two Britons, were hit by flying glass and debris, hospital officials said.

The store, which opened in 1975, had been the target of attacks twice before. Bombs exploded on Feb. 23, 1976, exactly nine years ago, and on May 4, 1981, causing some damage but no injuries. No one claimed responsibility for either explosion.

In 1973, Joseph Edward Sieff, a former chairman of Marks & Spencer and a leading British supporter of Israel, was wounded in the head in a terrorist attack at his home in London. He died in 1982 at the age of 77.

The explosion on Saturday occurred at 9:31 A.M. Witnesses said a man with European features had placed a duffel bag at a rear entrance of the store on the Rue des Mathurins, near the Opera, and hurried away. The explosion followed.



Firemen leaving the damaged Marks & Spencer store.

Glass was strewn on the street, and the door frame was destroyed. In the store, sales counters were smashed and goods spilled into the aisles.

The store, which sells British products, including clothing and specialty foods, closed Saturday, but it was to reopen on Monday.

Marks & Spencer has five other department stores in France. The chain celebrated its 100th anniversary in 1984 and is regarded as Britain's most successful retailer, with sales of about \$4.3 billion in 1983. The chain has 262 branches in Britain, France, Belgium, Ireland and Canada.

## One Killed In Five-Hour Hijacking Over Beirut

By John Kifner  
New York Times Service

BEIRUT — A disgruntled airport guard demanding a promotion hijacked a Lebanese airline on Saturday, forced it to fly for five hours between Lebanon and Cyprus and threatened to crash it into the presidential palace. The plane finally returned to Beirut and the hijacker disappeared, apparently into nearby shantytowns.

One passenger died of head injuries after he was sucked out of the open door as the plane took off. Earlier, seven others were injured sliding down escape chutes.

With doors hanging open and escape chutes dangling, the Middle East Airlines Boeing 707 flew back and forth between Beirut and Cyprus as officials tried to talk the hijacker into giving up.

"I have rights as a Lebanese and as an employee with you and that is all I am demanding," the guard, identified as Doraid Hassan, said.

The incident pointed up why the airport has been gaining a reputation as a dangerous place. Diplomats and security sources say contending militias have infiltrated the airport staff to find out about the movements of opponents so that they can be kidnapped near the airport.

Last week, the chief of security at the airport, Brigadier General Yassin Sweid, resigned, saying that nothing was being done about his demands to fence off the perimeter and keep gunmen away.

Since the airport is in territory controlled by the Shiite Muslim militia, it is particularly vulnerable to hijackers demanding the return of a missing Shiite leader, Imam Moussa Sadr, who disappeared on a trip to Libya in 1978.



Lebanese soldiers examine emergency chutes ripped during the hijacking of a Middle East Airlines jet in Beirut.

The hijacking on Saturday began as the Middle East Airlines flight 203, bound for Paris, was boarding. Mr. Hassan brandished a bag that he said contained hand grenades. A burst of shooting broke out. In the confusion, flight attendants pushed passengers down emergency chutes.

The hijacker ordered the plane to take off, and for five hours it circled over Beirut, landed, took off and landed again at Larnaca, Cyprus, then flew back to Beirut.

Mr. Hassan read a list of demands that included what he said

were overdue promotions and pay raises for himself and his colleagues and better equipment for airport guards. He also threatened to have the plane flown into the nearby presidential palace.

Jamil Naumeh, the chief national security officer, who negotiated with him, said, "We shall appoint a committee to deal with all these demands if you come back."

The plane finally landed in Beirut and the hijacker said negotiators could approach him as long as they were naked. Then he slipped away.

## Jordanians Reveal Text Of Agreement With the PLO

By Judith Miller  
New York Times Service

CAIRO — Jordan has made public the text of its agreement with the Palestine Liberation Organization that outlines a framework for a joint approach to peace.

The agreement was signed by King Hussein of Jordan and Yasser Arafat, the chairman of the PLO, in Amman on Feb. 11. The text of the accord, distributed in English in the Jordanian capital on Saturday, specifies five principles upon which their "bid for joint action" should be based.

A key provision includes "total withdrawal" by Israel from "the territories occupied in 1967 for comprehensive peace as established in United Nations and Security Council resolutions."

Taher Hikmat, Jordan's acting information minister, asserted at a press conference in Amman on Saturday that this meant the PLO had accepted UN Resolution 242, which calls for recognition of Israel's sovereignty and borders in exchange for the return of occupied Arab lands.

His assertion conflicted with a statement issued in Tunis on Wednesday by the PLO's executive committee, which reiterated the Palestinian group's longstanding opposition to the key resolution.

The PLO has previously rejected the resolution on the ground that it failed to call for the creation of a Palestinian state and mentioned the Palestinians only as refugees. The United States has consistently refused to recognize the PLO until it accepts Resolution 242 and acknowledges Israel's right to exist.

The contradiction between the

(Continued on Page 2, Col. 3)

## '60s Civil Rights Activist Calls Integration a 'Sham, Con Job'

By Juan Williams  
Washington Post Service

DELAWARE, Ohio — At 51, James Meredith has taken an unexpected turn in his march into U.S. history. The young black man who sparked white riots by integrating the University of Mississippi in 1962 and who was shot for walking Southern back roads to protest segregation in 1966 now preaches that integration is a "sham," and "the biggest con job ever pulled on any people."

In a day of lecturing at Ohio Wesleyan University last week, Mr. Meredith said that the only people benefiting from integration are liberal whites and a few "black bourgeoisie."

He shocked students and faculty, and angered some, particularly blacks, with remarks in which he seemed to be a black rightist, sometimes even sounding like a Reaganite.

"Integration is the biggest con job ever pulled on any group of people, any nationality in the world," he said to an American history class. "It was a plot by white liberals to gain black political power for themselves and their wild ideas, and for a few black bourgeoisie who were paid to exercise leverage as black spokesmen. I've never heard any other black person say integration did one good thing for them."

A student asked Mr. Meredith if he was

saying that integration is more negative than it is positive.

"Absolutely, that is positively the case, especially as far as the black race is concerned," he replied.

Mr. Meredith was the point man in an integration fight that forced President John F. Kennedy to send 30,000 federal troops to Mississippi to protect him as he integrated the University of Mississippi.

Mr. Meredith spoke with some disdain of his former civil rights fights. He told a reporter that there is "no history I've been a part of that's worth writing about, nothing that has made black people more viable, competitive."

The only accomplishment of the civil

rights era that Mr. Meredith acknowledged is Title 2 of the Civil Rights Act of 1964, which outlawed discrimination by hotels and restaurants.

In another class, a white student asked if he was saying "we shouldn't let blacks come to school here, we should end integration."

"Have you ever heard of Irish, Poles, Germans, Italians and Jews being integrated?" Mr. Meredith asked. "They go anywhere and just enjoy their rights. Why call it integration when black folks do the same thing? It's a con job."

He added, "The people who started this integration thing knew that in 30 years they'd still have the same thing, the same

(Continued on Page 2, Col. 7)



James Meredith

### INSIDE

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## AMERICAN TOPICS



President Ronald Reagan and his wife, Nancy, displaying their new bright red pickup truck at their California ranch. The 1985 Ford Ranger was a joint Christmas present.

### The Rocky Road

#### To Better Beaverkill

Earlier in this century, the Rockefeller family donated land and money to establish the Palisades Park system in New Jersey and New York, the Virgin Islands National Park, Acadia National Park in Maine and Grand Teton National Park in Wyoming.

Now a fourth-generation Rockefeller, Laurence, 40, has spent millions of dollars — he won't say how much — to buy up 4,000 acres (1,600 hectares) of farmland in the Beaverkill river valley about 100 miles (160 kilometers) northwest of New York City.

### Taking Candy

In deference to mothers with small children, the Kroger supermarket chain has removed candy from at least one checkout counter in each of its stores in St. Louis and Cincinnati.

### Short Takes

At age 26, the Barbie Doll, which evolved from the girl next door to a beach-lounging woman of leisure, while dabbling at being a nurse and an astronaut, has changed her ways again. Today her lifestyle calls for business suits, a tiny attaché case, even tinner credit cards, and her own office, equipped with computers.

### Notes About People

The current must for White House reading is Tom Clancy's "The Hunt for Red October," about an attempt to defect with the Soviet Union's most advanced nuclear submarine. The New York Times reports that Nancy Reynolds, a Washington lobbyist, called it to the attention of a friend, Nancy Reagan, who enjoyed it and handed it to the president, who is said to be immersed in it. Robert C. McFarlane, the president's national security adviser, also is reading the book, as are other White House staff members. "Red October," by the way, is the No. 1 best-seller at Pentagon bookstores.

### Wondering About

#### Craven Images

A letter from Columbia, South Carolina, to The New York Times gently takes one of The Times's book reviewers, Christopher Lehmann-Haupt, to task for remarking, in a review of Gail Godwin's "The Finishing School," that "if the book has a minor flaw, it is the name given to an old admirer of Justin's mother — a Southern boy, for whom she once saved the last dance, named Craven Ravenel."

### Notes About People

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## U.S. Senate Settles a Dispute, Prepares for Another

By Steven V. Roberts

WASHINGTON — The Senate has resolved one acrimonious dispute over farm credit measures but has set the stage for another skirmish over the same issue this week.

financial distress and that the taxpayers must not be asked to save every farmer.

While lawmakers congratulated one another Saturday on reaching the accord, many acknowledged that the ferocious clash on the first major issue of the new Congress was "a bad way to get started," as Senator Robert C. Byrd of West Virginia, the Democratic minority leader, put it.

boiling. At the peak of animosity, Mr. Byrd told the Senate early Saturday morning that the Republican message was, "Let the farmers go to hell."

The week began when farm state senators saw that by holding the Meese nomination hostage they could focus attention on the farm credit issue. After several days of talks between lawmakers and administration officials, the White House agreed to expand existing loan programs and make them easier to use.

cratic colleagues and planned strategy to continue their filibuster.

The Democrats are eager to offer amendments this week calling for even more generous loan programs to farmers. Senator J. James Exon, Democrat of Nebraska, said on the floor Saturday that it was "vital" to go beyond the measures agreed to last week and put more cash into farmers' pockets by making crop payments available now that are usually made available in the fall.

ate," said Senator Edward Zorinsky, Democrat of Nebraska. "This creates a record for the 1986 election as to who truly supports agriculture and who doesn't."

"Farm Belt senators would be put on the record," he added. "They would have to make a choice between following their party line or voting for their farmers. That's the bottom line."

## AFL-CIO Accepts Plan To Reinvigorate Unions

By Peter Perl

WASHINGTON Post Service  
BAL HARBOR, Florida — Leaders of the 13-million-member AFL-CIO, the nation's largest labor federation, have adopted a proposal for reinvigorating organized labor, including more mergers of its 96 unions, new recruitment methods, better use of the media and new cooperative and confrontational tactics for dealing with employers.

sion. The AFL-CIO spends \$3 million yearly on television advertising and production, and both the federation and its unions must expand the effort, the report said.

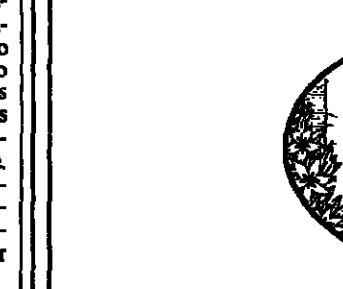
Trying new approaches to organizing. Several government-employee unions began as professional "associations" for workers who were not originally allowed to unionize. The Service Employees union also has formed associations of women office workers who initially were reluctant to unionize.

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### Japan May Ban Import

#### Of South African Blood

Reviewers

TOKYO — Japan may stop importing blood from South Africa in view of Japanese opposition to Pretoria's policy of apartheid, according to the health and welfare minister, Hiroyuki Matsuo.

HUNGARY

A CONFERENCE ON

TRADE AND INVESTMENT OPPORTUNITIES

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THE INTERNATIONAL HERALD TRIBUNE

Budapest, June 13-14, 1985

The International Herald Tribune conference on "Trade and Investment Opportunities in Hungary" will be of keen interest to any executive concerned about future economic relations between East and West.

The conference provides an extraordinary opportunity for business leaders to examine how the Hungarian government is approaching questions of domestic and international economic relations and offers Western executives an unusual occasion for direct contact with business leaders from Eastern Europe.

Senior executives wishing to register for the conference should complete and return the coupon below.

JUNE 13

Keynote Address:

Mr. Jozsef Marjai, Deputy Prime Minister

The Economic Outlook

Professor Jozsef Bogar, Director, Institute of World Economics

Foreign Trade

Mr. Istvan Torok, Secretary of State for Foreign Trade

The Five Year Plan

Dr. János Hódos, Secretary of State, National Planning Board

Afternoon Address

Dr. Armand Hammer, Chairman and Chief Executive Officer,

Occidental Petroleum Corporation

Investment Incentives and Tax Free Zones

Dr. Peter Medgyessy, Deputy Minister of Finance

Barter

Mr. Sándor Demcsik, General Manager, Hungarian Foreign

Trading Bank

JUNE 14

The Banking System

Mr. János Fekete, First Deputy President, National Bank of

Hungary

Western Banking and Hungary

Mr. Gabriel Eichler, Vice President and General Manager,

Bank of America N.T., Vienna

Industrial Outlook

Mr. Ferenc Horváth, Secretary of State for Industry

Panel of Hungarian Industrialists

Afternoon Address

Professor Richard Portes, Director, Centre for Economic Policy

Research, London

Joint Ventures

Mr. László Borbély, Director General, Department for

International Monetary Affairs, Ministry of Finance

Panel of Foreign Companies

Moderator: Mr. Tamas Beck, President, Hungarian Chamber of

Commerce

REGISTRATION FORM

Name:

Position:

Company:

Address:

City/Country:

Telephone:

Company Activity:

25-2-85

MEMORIAL NOTICE

Mrs. Catherine LEYTON BERTHELMAN

A memorial service will be held on

Feb. 28, 1985 at 11 a.m., at the church of

Notre-Dame-des-Douleurs, Rue Washing-

ton, 1050 Brussels, Belgium.

Other factors partly explain the

recent weakness in the local currency:

a worsening trade position, the

high government budget deficit, and

signs of a resurgence in industrial

disputes.

But the MX issue appeared to be the

catalyst. The declining Australian

dollar, The Melbourne Age said Friday in an editorial, "reflects

a global loss of confidence."

It added: "The MX missile crisis

drew attention to Australia and

cast doubt on the political strength

and stability of the Hawke govern-

ment."

Mr. Hawke's retreat on the MX

missile test has been seen as a vic-

tory for the growing anti-nuclear

movement in Australia. In the gen-

eral election in December, the new

Nuclear Disarmament Party won

10 percent of the vote. The party

called for the withdrawal of Aus-

tralia from the ANZUS treaty with

New Zealand and the United

States, the closing of all American

military installations in Australia,

a ban on visits by nuclear ships

and warplanes, and a ban on the

mining and exporting of uranium.

Democrats collected 10 percent

of the vote. They have a similar

anti-nuclear platform but are not a

single-issue party.

"Hawke has always had the view

that the disarmament movement

was something on the fringe of

Australian politics," said Peter

Garrett, 31, a rock star who is the

principal spokesman of the Nuclear

Disarmament Party. "But it does

run across the political spectrum.

There's no doubt of that now, after

the MX issue."

Some political analysts question

whether Mr. Hawke's turnaround

was an indication of the main-

stream strength of the anti-nuclear

movement.

"The speed with which Hawke

cut and ran may not have been

wise," Mr. MacKerras said.

Andrew Peacock, leader of the

opposition Liberal Party, struck

the same theme Friday.

"Hawke didn't fight for Australia,"

Mr. Peacock said. "He caved in

to the left."



# West German Party Picks New Leader

By James M. Markham  
New York Times Service

**BONN** — Foreign Minister Hans-Dietrich Genscher has stepped down as chairman of the Free Democratic Party, making way for an untested politician who faces the task of reviving the fortunes of the party which is part of the governing coalition.

At a party convention in Saarbrücken on Saturday, Mr. Genscher, 57, who has led the small party for more than 10 years, pledged support for his hand-picked successor, Martin Bangemann, the minister for economic affairs.

Mr. Bangemann, 50, who entered the West German government after losing his seat in the consultative European Parliament last year, was unopposed.

Facing three critical state elections next month and in May, the Free Democrats are seen as fighting for their political survival.

The party, which brought down a Social Democratic-led coalition in 1982 by throwing its parliamentary support to the conservative Christian Democrats, has been displaced by the leftist Greens as West Germany's third political force.

The Free Democrats are now represented in only five of the 11 state legislatures, and public opinion polls show the party hovering below the 5 percent of the vote needed to gain legislative representation.



Hans-Dietrich Genscher, right, giving a symbolic bell to his successor as chairman of the Free Democratic Party, Martin Bangemann, during party meeting in Saarbrücken.

Mr. Genscher, facing a revolt from the party's disaffected rank and file, said last May that he would step down as chairman and make way for a younger leader. But

he intends to stay on in the government as foreign minister and deputy chancellor.

The selection of Mr. Bangemann has aroused little excitement in the party, but concern to preserve a semblance of unity appeared to have rallied delegates around him on Saturday. He received the support of 352 of the 395 delegates.

Once affiliated with the left wing of the Free Democratic Party, Mr. Bangemann was sent to the European Parliament in Strasbourg after urging a break with the Social Democrats, then led by Chancellor Helmut Schmidt, well before the 1982 split. He now supports the Free Democrats' alliance with Chancellor Helmut Kohl's Christian Democrats.

But Mr. Bangemann's lack of leadership experience and a cultivated image as a maverick have raised doubts about his capacity to inject hope into Free Democratic ranks.

After his election on Saturday, he pledged to pursue an active dialogue within the badly divided party.

Mr. Bangemann has already had unfriendly brushes with his predecessor in the economic affairs post, Otto Lamsdorff, who was forced to resign after being indicted on charges of taking bribes.

Mr. Genscher's withdrawal from the party chairmanship leaves open the relationship between him, Mr. Bangemann and Mr. Kohl in the center-right coalition.

The foreign minister and the chancellor are close friends, but some political analysts foresee an inevitable loss of influence for Mr. Genscher after Saturday's shift.

## British Troops Kill 3 IRA Guerrillas in Ambush

**BELFAST** — British troops have killed three Irish republican guerrillas in Northern Ireland in an ambush, according to police.

The troops, members of a uniformed patrol, shot the three before dawn Saturday in a field on the outskirts of Strabane near the border with the Irish republic, a police spokesman said.

Three rifles and two rocket launchers, none of them fired, were recovered from the scene of the ambush, he said.

Police said the dead men belonged to the Irish Republican Army, which is fighting to end British rule in Northern Ireland.

On Sunday, Irish republican guerrillas said that they had killed a man in Londonderry on Saturday night because he was a police informer.

Police later found the man, who had gunshot wounds to the head, in the city's Bogside district. He died soon after.

Catholic residents of a nearby housing complex said they had heard the three shout, "Don't shoot!" and offer to surrender.

The deaths raised to eight the number of IRA men killed by security forces in three months.

Republican politicians have accused the security forces of shooting to kill on several occasions in the past two years.

In the last such incident, undercover troops killed two armed men in an ambush near the town of Derry, near Strabane, at the end of last year.

In Banbridge, 80 miles (128 kilometers) from Strabane, hundreds of mourners attended the funeral of a Catholic policeman who had been shot by republican guerrillas Thursday while seated at the wheel of a school bus.

Fein. "These men could have been captured alive."

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## U.S. Aide's Trip Hints at Softening on Chile

By Lydia Chavez  
New York Times Service

**SANTIAGO** — Last week's visit to Chile by Langhorne A. Motley, assistant secretary of state for inter-American affairs, suggests that the Reagan administration may be taking a more conciliatory stance after months of increasingly critical comments about the government of President Augusto Pinochet.

An official Chilean communiqué said that discussions with the Americans "developed in the climate of great cordiality, understanding and reciprocal interest." Even the police band added its bit, offering a short rendition of "Yankee Doodle" at the changing of the guard at the presidential palace.

Mr. Motley also seemed pleased. "The destiny of Chile is in Chilean hands — in good hands," he said as he departed.

One U.S. diplomat said of Mr. Motley: "I think he established rapport that wasn't there. It reinforced our policy of being neutral."

Only three months ago, the same diplomat said that United States criticism was bound to increase.

Diplomats here indicated that a policy debate was under way in the Reagan administration between officials who argue for stronger action and those who favor friendly persuasion to try to keep General Pinochet to his own timetable of stepping down in 1989. At the very least, an official said, Chile will get increased attention in the next four years.

The new U.S. interest, the diplomats said, arises from concern that hard-line tactics may unwittingly strengthen and radicalize the left. But it is unclear how the United States could

hope to influence the Chileans. If anything, Mr. Motley's visit confused the picture rather than reinforcing a clear policy line. In the last six months, the State Department has repeatedly expressed its "concern" over General Pinochet's crackdown on his critics.

To back this up, the United States abstained recently on an Inter-American Development Bank loan for Chile, making clear its unhappiness with Chile's human rights record.

However, future loans from international lending agencies apparently were not discussed with General Pinochet and other government officials. There was a brief mention of the current ban on selling arms to Chile, but the thrust of this discussion has not been disclosed.

Backing away from the State Department's previous expressions of concern, Mr. Motley spoke diplomatically of Washington's interest in the country's development.

When a local reporter asked him for his thoughts about the Pinochet government's press censorship, Mr. Motley referred to the size of the crowd at his airport press conference. "I've been in a lot of countries where you couldn't gather this many people," he said, adding that in "generic terms," freedom of the press was a fundamental step in the transition to democracy.

For Chilean journalists, Mr. Motley's observation was hardly comforting. Until early last winter, the press was nearly free of censorship. Then General Pinochet clamped on new con-

## U.S. Ending Intensified Mexican Border Searches

By David Hoffman  
Washington Post Service

**WASHINGTON** — The Reagan administration has begun "winding down" intensified searches along the Mexican border that have caused long delays at entry points, according to administration officials.

However, the officials said Friday that Washington was still "not at all satisfied" with Mexico's cooperation in the case of a kidnapped U.S. Drug Enforcement Administration agent, the incident that touched off the border searches.

President Ronald Reagan discussed the border searches and the abduction of Enrique Camarena Salazar by telephone Friday with Mexico's president, Miguel de la Madrid, a White House official said.

The 15-minute call was placed by President de la Madrid, the official said.

President Reagan expressed concern for Mr. Camarena's safety and that of other Americans in Mexico, according to the official, who declined to provide further details of the conversation.

[Mr. de la Madrid's office said Friday that in the call, "the president stressed the firm commitment of the Mexican government to maintain the fight against drug

trafficking and lamented the disappearance of Mr. Camarena, the Los Angeles Times reported from Mexico City.]

Earlier, President Reagan sent a personal letter to Mr. de la Madrid seeking better cooperation in the investigation of the Feb. 7 kidnapping, the officials said.

The administration is "kind of ticked off" that Mexican authorities have not been more cooperative, a second administration official said.

U.S. officials are concerned that a Mexican police organization

called upon to investigate the abduction in Guadalajara may have been involved in it, administration officials say.

The White House spokesman, Larry Speakes, said Friday, "We would like to have more cooperation, and the only tangible evidence of cooperation would be some progress in solving the case."

The State Department has expressed concern about six other Americans missing and believed kidnapped in Mexico.

The stepped-up inspections at the border provoked complaints of economic hardship there and an expression of "deep concern" delivered last week to Kenneth W. Dam, a U.S. deputy secretary of state, by Ambassador Jorge Espinosa de los Reyes.

The U.S. ambassador to Mexico, John A. Gavin, returned to Washington for talks last week and reportedly recommended that the intensified searches be relaxed.

A Customs Service spokesman said Friday that waits at the border had been reduced to 90 minutes, compared with delays of up to eight hours the weekend before.

credibility with the public, these sources said.

A government communiqué in January outlined three sets of increases and called for a month of "social consultations" in work places and in the news media to choose the one least objectionable to the public. They ranged from sharp hikes combined with a lifting of rationing on most food items except meat to smaller increases and continued rationing.

Overall, the government foresees a 12-percent to 13-percent rise in retail prices but a jump this spring of 20 percent to 30 percent in the cost of natural gas, electricity and heating coal. Rent, postal rates and transportation costs will also rise.

Since the 1950s, price increases to shore up a stumbling economy have been a common cause of civil unrest. Last year, however, the government of General Wojciech Jaruzelski managed to introduce increases averaging 10 percent without major difficulty after an unusual period of public debate.

Solidarity, speaking through its many underground publications and at least one clandestine radio broadcast, has for weeks denounced the proposed increases this year.

## Polish Unions Reject Price Increases

By Robert Gillette  
Los Angeles Times Service

**WARSAW** — Poland's official trade unions have categorically rejected the government's proposed consumer price increases, saying that they would serve only to lower the country's standard of living.

The trade union movement, which the government hopes will take the place of the outlawed Solidarity union, objected in principle Saturday to price increases as the main instrument of Poland's economic reform. It called instead for

better management of the centrally directed economy.

Lech Walesa has joined other leaders of Solidarity in calling for a 15-minute work stoppage across the nation Thursday to protest the proposed increases. Officials of the official unions, while openly contemptuous of Solidarity, expressed similar dim views of the price increases at a meeting in Warsaw reported on nationwide television.

"The announced concentration of price hikes will lead to a decrease in the standard of living for working people which we cannot approve," said Romuald Sosnowski, vice chairman of the official unions' newly formed National Coordinating Committee.

Portions of the statement by the official unions were broadcast on the state television network's main evening news and carried by the government press agency, PAP.

Solidarity sources said the prominent treatment given to the criticism by the official unions made it seem likely that the government's own sampling of public opinion and the prospect of work stoppages, might lead it to postpone or revise the price increases. The government-sanctioned unions apparently hope to reap credit for any retreat by the government and gain

credibility with the public, these sources said.

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## In CBS Suit, Westmoreland Saw 'No-Win Situation'

By M.A. Farber

New York Times Service

NEW YORK — General William C. Westmoreland's decision to settle his libel lawsuit against CBS last week was prompted, according to his friends, by his demoralization over damaging testimony of his former aides and his feeling that, however right he was, he was in a "no-win situation."

The general knew from pretrial depositions how witnesses were likely to testify. Nevertheless, his friends said, General Westmoreland was so shaken by the willingness of his former intelligence chief in Vietnam to "break the old West Point tie" and take the witness stand against him that he was open to a proposed agreement that bore a close resemblance to an offer made by CBS a year ago.

A proposal in February 1984, nine months before the trial began, said as did last week's joint statement, that both sides believed their positions had been "placed before the public," that the television network recognized General Westmoreland's service to his country, and the general respected the rights of journalists to present views "contrary to his own."

General Westmoreland's suit arose from a 1982 CBS documentary, "The Uncounted Enemy: A Vietnam Deception." It charged a conspiracy by the general's command in 1967 to show progress in the war by underestimating enemy strength.

The 1984 statement said that General Westmoreland "believes that the broadcast was prejudicial in concept and execution." The agreement reached last week does not. The 1984 proposal said that CBS News "stands by the accuracy and fairness of its broadcast." In the final agreement, this language was reserved for a separate statement by CBS.

Although the settlement seemed sudden, there lies behind it a three-year-old story of failed efforts to

resolve a case that eventually required 18 weeks of trial and cost the litigants millions of dollars.

On Monday, when the end came, both sides laid claim to victory, but while CBS officials and their lawyers were privately toasting one another with champagne and diet soda, General Westmoreland's camp was bitterly divided over whether the general could have obtained a better outcome — either earlier from CBS, or, later, from the jury.

CBS stressed that General Westmoreland had received neither money nor an apology and that the network stood by its documentary. The general, who commanded the U.S. forces in Vietnam from 1964 to 1968, underscored a passage in the joint statement that said the network respected his "long and faithful service to his country and never intended to assert, and does not believe," that he "was unpatriotic or disloyal in performing his duties as he saw them."

"If that statement had been made after the CBS program was aired, it would have satisfied me," the 70-year-old general declared at a press conference last Monday, standing beside Dan M. Burt, his chief attorney. Indeed, General Westmoreland said, had that statement been issued at any time since the broadcast on Jan. 23, 1982, "it would have ended the episode."

To prevail in his suit, the general had to prove not only that the broadcast was false but also that CBS knew it was false or acted with reckless disregard for its truth or falsity. The first issue was called the "truth" issue; the second, the "state of mind" issue.

In recent weeks, as CBS put on a series of military witnesses, the general had become overwhelmingly concerned with losing on the "truth" issue. He worried that the jury would be unable to distinguish what had actually happened in Vietnam in 1967 from what some witnesses simply recalled they had

told CBS during the preparation of the program.

"If the jury had found against Westmoreland on truth," said Jay Schulman, a political scientist who was one of Mr. Burt's closest advisers on the case, "the trauma of defeat would have been too much. That was the fulcrum concern."

Mr. Schulman said that General Westmoreland was "running profoundly scared" of the testimony for CBS this month by his former aides, not so much because of what they would tell the jury but because their very appearance on the witness stand undermined him.

General Westmoreland's former intelligence chief, Major General Joseph A. McChristian, testified Feb. 6 that General Westmoreland had acted improperly and for "political" reasons on one occasion.

"It was a perplexing thing to me to see someone like McChristian testifying," General Westmoreland acknowledged last week. He told friends that the trial had come to "look like a no-win situation."

Both General Westmoreland and General McChristian are retired from the military.

Mr. Burt, who is president of the conservative, Washington-based Capital Legal Foundation, which supported the general's suit, shared his client's growing pessimism and was under other pressures as well. Having spent more than \$3 million, he was \$500,000 in debt on the case. Each day, his expenses mounted.

Meanwhile, CBS had become increasingly confident of winning the "state of mind" element of a jury verdict, making it impossible for General Westmoreland to receive an award.

But lawyers for the network were concerned about the public relations impact of losing on the "truth" issue — as Time magazine had suffered from the loss on that issue in the libel suit brought by former Defense Minister Ariel Sharon of Israel.

"If Westmoreland was ready to drop the suit on the right terms, it was in some ways better than winning a jury verdict," said a CBS lawyer who asked not to be identified. "Westmoreland could always attack a verdict that went against him. This, he couldn't. Besides, CBS simply had to respond to his offer. It couldn't be seen as trying to pursue an old man and drive a stake in his heart."

Following a controversy over "The Uncounted Enemy" in the months after its broadcast, CBS proposed airing a 45-minute follow-up discussion program, with an additional 15 minutes for General Westmoreland to state his views. The general, however, demanded a published apology, a "full retraction" on the air that met his approval and "was not less than 45 minutes in duration," and some payment.

He also sought access to a CBS internal investigation of "The Uncounted Enemy" conducted by a senior producer, Burton Benjamin. The report criticized some aspects of the documentary's preparation.

On Sept. 13, 1982, General Westmoreland, who lives in South Carolina, filed suit there. "There is no way left," he said, "for me to clear my name, my honor and the honor of the military."

In addition to CBS, the suit named George Crile, the producer of the documentary, Mike Wallace, its narrator, and Samuel A. Adams, a former Central Intelligence Agency analyst who was a paid consultant for the broadcast.

The first overtures toward settlement were made in October 1982, when CBS asked its local counsel in South Carolina to talk the matter over with a nephew of General Westmoreland's who is a lawyer. The talks got nowhere, although they were briefly resumed when, in November 1982, CBS won a motion to move the case from South Carolina to New York.

Around the same time, Paul

Thompson, a retired general who had been an editor at Reader's Digest, tried to mediate for General Westmoreland. As a result of Mr. Thompson's intervention, Mr. Burt said, he met in November 1982 with George Vradenburg 3d, CBS's general counsel.

"I said, 'Give us an apology and lots of money' — lots of money being only a negotiating ploy," Mr. Burt recalled. "Vradenburg said no."

Frank Stanton, a former CBS president, also tried to arrange a settlement. But when General Westmoreland insisted on an apology, a monetary payment and free air time, without a rebuttal by CBS, the network concluded that a middle ground could not be found.

Another attempt to settle the case was made in the fall of 1982. General Maxwell D. Taylor, who is also retired, was approached by Roswell L. Gilpatric, a CBS board member. Mr. Gilpatric proposed a half hour of air time for General Westmoreland, coupled with a statement by CBS that it never intended to impugn the general's patriotism. The offer was rejected.

In the spring of 1983, the judge in the case, Pierre N. Leval, approved Mr. Burt's motion to force CBS to release the Benjamin report. Just before that approval, the chief lawyer for the network on the case, David Boies, let Mr. Burt know that CBS would never settle at a point when something embarrassing to it had just occurred.

In February 1984, in an extension of Mr. Gilpatric's effort, CBS proposed making a statement in which it said that it continued to stand by the "accuracy and fairness" of the documentary but did not intend to question either the general's patriotism or his "loyalty to this country or to the presidents he served for so many years."

The statement contained some language and ideas that were nearly identical to the joint statement



Principal figures in the CBS libel case were: Clockwise from left, above, Mike Wallace, George Crile, Samuel A. Adams, General William C. Westmoreland, retired, and Major General Joseph A. McChristian, retired.



agreed upon last week, but it was rejected. Mr. Burt, according to CBS legal sources, objected at that time to any reference by CBS that it supported the broadcast.

In the summer of 1984, Judge Leval appointed a mediator, Stephen E. Kaufman, to try to produce a settlement that might include a broadcast on CBS by General Westmoreland that would not be immediately rebutted by the network.

CBS and the general are believed to have been receptive to the idea of the program, but Mr. Burt continued to press for an apology and money.

Just before the trial started on Oct. 9 — and again in late November, when Mr. Burt was saying publicly that a settlement was less likely than "a bear coming down Fifth Avenue in a pink tutu with a reefer" — he and CBS exchanged proposals for resolving the case.

The network's statement again contained references to the general's loyalty, and CBS indicated that it might pay \$500,000 toward Mr. Burt's legal fees. But Mr. Burt was said to have demanded a seven-figure sum, perhaps as much as \$5 million.

"The insurmountable thing was a retraction or apology," a CBS lawyer said. "Money was never an issue with either side except as a symbol."

Before the Christmas recess, Mr. Burt and Mr. Boies met in a jury room. For the first time, Mr. Burt said he was prepared to settle without money.

He wanted CBS to say it had learned as a result of the case that General Westmoreland had "honestly and accurately" reported enemy troop strength in 1967 and, had

this information been available in 1982, it would have been included in the broadcast. CBS refused.

Last week, with CBS buoyed by its prospects on the "state of mind" if not the "truth" issue, Judge Leval informed the lawyers that Mr. Burt would have to prove his case by "clear and convincing" evidence, rather than the lesser standard of a "preponderance" of the evidence. In addition, he said, the jury would vote individually on "truth" and "state of mind."

"Even if we lost on the truth issue," a CBS lawyer speculated, "the headline on the day of the verdict would read: 'CBS Wins.'" Still, the lawyer said, Mr. Boies told Mr. Burt that he was amenable to waiving a jury verdict and letting the judge decide the case. Mr. Burt declined.

On Feb. 13, soon after General McChristian's testimony and immediately following the start of the cross-examination of another former Westmoreland aide, Colonel Gains Hawkins, Mr. Burt called Mr. Vradenburg.

When they met on Feb. 15, Mr. Burt told the CBS counsel that he was still interested in settling. He sent the CBS lawyer a suggested joint statement that resembled his proposal just before Christmas. He also promised, in effect, not to revive his pretrial attacks on CBS regarding the documentary. Mr.

Vradenburg consulted Mr. Boies and on Feb. 16 called Mr. Burt.

According to Mr. Burt, Mr. Vradenburg said, "You know, we aren't that far apart." But the CBS lawyer is said to have told Mr. Burt that his proposal was unacceptable. Mr. Vradenburg went back to the statement CBS had offered in February 1984, modified it so that the phrase about CBS standing by the documentary would appear only in a separate statement by the network, and sent a copy to Mr. Burt, according to a CBS lawyer.

On Feb. 17, after some changes — the word "faithful" was inserted to describe General Westmoreland's service to his country and the word "distinguished" was used to describe CBS's journalistic tradition — senior CBS officials saw the joint statement at Mr. Boies's law office. They were jubilant.

General Westmoreland, who was aware that an agreement was under discussion, was in Garrison, New York, on Feb. 16. Mr. Burt read him the joint statement by phone.

"I listened to it, and I thought it made sense," the general said. "I know the historians can deal with a case like this but a jury — well it could have been a preponderance, a flip of the coin. I had to decide whether to fight or compromise. Now, I've made a lot of decisions in my life. You weigh them. You make them. And you forget them."

## Cypriot Leader Rejects Assembly's Demand to Accept UN Pact

By Henry Kamm

New York Times Service

NICOSIA — President Spyros Kyprianou of Cyprus has rejected a demand by parliament that he either accept a United Nations-sponsored draft agreement with Turkish Cypriots or order new presidential elections.

In parliament Friday, the two leading parties, the conservative Democratic Rally and the Communists, combined to censure Mr. Kyprianou by a vote of 23-12. They demanded that the president accept the draft agreement for a settlement of the Cyprus dispute

prepared by the UN secretary-general, Javier Pérez de Cuéllar. This would reverse Mr. Kyprianou's rejection of the document last month, when he met in New York with Rauf Denktaş, leader of the Turkish Cypriots, and the secretary-general.

The resolution demanded that if Mr. Kyprianou refused to accept the agreement, he must call new presidential elections. Under the constitution, the president is elected for a five-year term, and his tenure is not affected by parliamentary votes. Mr. Kyprianou's term runs until 1988.

In a long and angry statement issued Saturday, the president accused the extreme left and right of collusion against his centrist leadership and of trying "a political coup."

But Mr. Kyprianou said he recognized that the parliamentary action created a crisis that obliged him to make decisions, which he did not specify. He said he would announce them next week.

Cypriots and diplomats said the conflict could render Cyprus ungovernable. In the roll-call voting Friday on four motions, none of the 35 members deviated from his party's

position. All were present, and all voted in party blocs.

Mr. Kyprianou's Democratic Party holds 9 seats, the Communists 12, the Democratic Rally 11 and the Socialists 3. Both Communists and conservatives have affiliated labor unions and have a history of calling on them for political ends.

Mr. Kyprianou was elected with the support of the Communists, who are close to the Soviet Union. He renounced their support in December, before the New York meeting.

Political analysts say they as-

sume he acted because he felt uneasy in this marriage of convenience and hoped, with his move and with successful negotiations with Mr. Denktaş, to gain the backing of Glafkos Clerides and his conservative party.

But the two principal parties surprised Mr. Kyprianou with their harsh criticism of his performance in New York. It is assumed in Cyprus that the failure of the talks was caused by the two leaders' different conceptions of the nature of the meeting, which followed separate negotiations conducted by Mr. Pérez de Cuéllar with each of them.



## The Mitsui Group sponsors "Close-up of Japan LONDON 1985".

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Like the "Close-up" in San Francisco in 1983, the London programme presents some of Japan's finest contemporary culture.

This year, for example, Seiji Ozawa and The New Japan Philharmonic returned to London after an absence of ten years.

Between the Philharmonic's performances of Beethoven and Tchaikovsky, the audience was presented with a rare performance of Toru Takemitsu's "November

Steps" — a double concerto with the Orchestra and two traditional Japanese instruments, the *Biwa* and *Shakuhachi*.

Ozawa also treated the crowd to classical Japanese pieces played on these instruments, enthralling both audience and critics alike.

Also featured in this year's "Close-up" were two performances of Japan New Music Forum. These events introduced the work of two contemporary Japanese composers, Jo Kondo and Somei Sato, in concert performances by Music Projects/London. A true East/West venture in the arena of avant-garde music.

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### Issey Miyake: BODYWORKS FASHION WITHOUT TABOOS

27 February — 9 April  
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Admission is free. Closed on Fridays. For information on the exhibition, telephone The Boilerhouse Project, 01-581-5273.



Photo by Mitsumasa Fujitsuka

### Tadashi Suzuki and SCOT (Waseda Sho-Gekijo): THE TROJAN WOMEN

10 April, 7:00 p.m., and 11 — 14 April, 8:00 p.m., at Riverside Studios

The celebrated Japanese Director, Tadashi Suzuki, brings his highly acclaimed production of Euripides' "The Trojan Women" to the U.K. for the first time.

The production cross-breeds the classical Japanese theatrical forms of Kabuki and Noh with Greek tragedy. It was presented in Paris in 1977 at the invitation of Jean-Louis Barrault and in 1984 at the Los Angeles Olympics Art Festival to wide critical acclaim.

For information on ticket prices and availability, telephone the Riverside Studios, 01-741-2131.



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# Herald Tribune

Published With The New York Times and The Washington Post

## The Name Is 'Star Wars'

President Reagan has a wish about "star wars," the new missile defense system to which he gave his energetic blessing two years ago without any public debate whatsoever. "I wish whoever coined that phrase would take it back again because it gives a false impression of what it is we're talking about," the administration is obsessed with the search for a name that can make this radical weapons program palatable. The problem with "star wars," however, is not semantic. It is conceptual.

The president and his aides have been selling "star wars" on four different, incompatible grounds: (1) It is the only moral defense in the nuclear age. (2) It is only research for our grandchildren. (3) It will soon be useful, indeed indispensable, even if imperfect. (4) It is a proven stimulus to arms control.

All four arguments fall, even the moral one, because a "star wars" defense becomes moral only when it becomes practical. Yet merely pursuing it looks to be highly dangerous.

The moral way to prevent nuclear war. Mr. Reagan offered one noble rationale when he sprang "star wars" in March 1983. He said he wanted to rise above the ugly reality of defending the United States by threatening the existence of all life on Earth. He was therefore ordering the preparation of a foreseeable missile defense that would make America and its allies invulnerable, eventually rendering all nuclear weapons useless and dispensable.

Mr. Reagan saw even then that any defense, if paired with an offense, would be highly provocative to the Soviet Union, leaving it alone in danger of devastation. But Americans are not aggressive, he said. Besides, once the defense is completed, in 20 or 30 years, America would probably offer it to the Russians if they agreed to scrap most nuclear weapons.

When the experts caught their breath, they proved even to the Pentagon's satisfaction that a leakproof, Berlin-to-Tokyo, all-cities defense is impossible. Even if it became possible one day, it would be so horrendously expensive that the Russians could easily damage, destroy or elude the defense at a fraction of the cost.

Don't get excited, it's just research. So the Reagan loyalists who found it impossible to support the vision of an all-cities defense retreated to a new line. They concede that it is a pipe dream to think that there will ever be a better defense for New York than the certain threat of destroying Moscow, and vice versa. And they are satisfied that this certainty will last into their grandchildren's lifetimes. But what is wrong, they ask, with a lively search for alternatives?

There is nothing wrong with modest research that can discourage the Russians from one day finding proof in renouncing the treaty against missile defense; indeed, the treaty envisions such research. But no program proclaimed with trumpets from the Oval Office, described as vital and funded with an initial budget of \$30 billion, will be "research" in Soviet eyes. The mere pursuit of such vigorous planning and testing has to make the Kremlin fear a defense that might actually withstand a small attack. The pursuit of this research, in short, would provoke the Russians to pursue their own provocative defense and to rapidly expand their offense to guarantee penetration of any American shield.

Well, not just research; we need it now.

Not just research is what another wing of the administration argues. These officials do not doubt that deterrence works, either. In fact they say they need "star wars" to preserve deterrence. What if the Russians keep building those big and accurate missiles, they ask, one day gaining the capacity to use only some of their missiles to knock out all U.S. land missiles and command centers in a single attack?

America would still have all its missile submarines, but they are hard to communicate with, it is said. There are bombers and cruise missiles galore, but they are slow and most effective against cities. No Russian leader would be crazy enough to order such a surprise attack, these strategists contend, but a Soviet leader might threaten one as a way of trying to exact impossible demands. A wobbly future president might capitulate to the blackmail, believing that his only alternative was to attack Moscow — thus also dooming New York.

That is the farfetched and unexamined theory that seems to be really driving "star wars." It is the old, discredited "window of vulnerability" argument. "Star wars" is at best a scheme to defend land missiles, not people. It may also be an unadmitted scheme to make America the one that can threaten a surprise attack and benefit from "nuclear blackmail."

Well, what is wrong with that? One thing wrong is the calculation that the Russians could not keep up with America's defense technology. They surely would, at all costs, and would also build a sure-to-overwhelm offense. And that would drive America into an even more panicky weapons buildup.

Some defense can conceivably bolster deterrence, but only after offenses are shrunk and frozen. And that requires coordinating with the Russians at the outset, not after they start building their own "star wars." Meanwhile, there are vastly cheaper and less provocative ways to allay anxiety about vulnerable land missiles. Their warheads could be dispersed among more launchers, and launchers could be made mobile, impossible to find.

Oh, really, it's just a bargaining chip after all. When the practical arguments start sounding overwhelming, the entire Reagan team reverts to a fourth justification: arms control. Americans may be unimpressed by the Russians are mightily impressed. Why else did they come back to the bargaining table? Why else do they insist that "star wars" be included in the talks that resume next month?

If that is a serious question, there is a deadly serious answer. The Russians are indeed alarmed at being forced into a ruinously expensive new arms competition that they know will leave neither side safer and probably make the world riskier. They are scared of "star wars" for the same reasons that Americans should be. They must be desperate to learn whether it can be stopped at a tolerable price.

Can it? Mr. Reagan says no, "star wars" is not negotiable. He is committed, no matter what. But if it is unable to defend cities, unneeded for defending missiles, too grandiose to be just research and not a bargaining chip, what is it? Whatever he may call it, it is still "star wars" — the most farfetched, least considered venture of the nuclear age.

— THE NEW YORK TIMES.

## The SDI Means Trouble

By Stanley Hoffmann

CAMBRIDGE, Massachusetts — Rarely has an American strategic revolution been initiated in circumstances as likely to lead to enormous difficulties with the public, the Soviet Union and the allies as "star wars" — President Reagan's Strategic Defense Initiative.

For the public, the main attraction, longingly described by the president, is the eventual return to America's historical invulnerability: the protection of cities from sudden devastation. But most experts believe that such defense is extremely distant and doomed to imperfection. They perceive the SDI mainly as a way to protect land-based missiles.

As for the Soviet Union, some American officials appear to believe that it cannot complete the buildup of effective defenses. Thus, America's search for nuclear superiority would finally succeed and would restore the earlier U.S. ability to compensate for Soviet superiority in conventional warfare. The United States could thus prevent aggression against its allies by its ability to strike Soviet military targets while protecting U.S. missiles from a first strike or retaliation. But how often in the past has Washington been mistaken about the Soviet Union's ability to catch up?

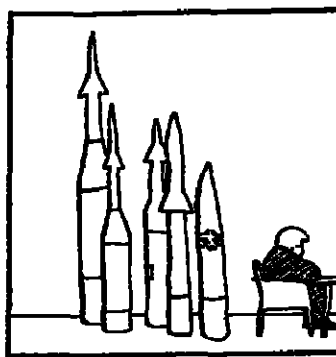
Other officials believe that Moscow will follow America's lead toward ballistic-missile defenses and that the two sides should thus eventually be able to reach an agreement on reducing offensive nuclear weapons. In the meantime, the buildup of defenses, they say, will contribute to stability by reducing each side's incentive to try to strike the other's forces. But this is a pipe dream.

Just as America has developed new weapons aimed at penetrating or overwhelming every defense the Russians have devised, so the Russians are likely to concentrate on ways to keep U.S. nuclear forces vulnerable — by destroying defensive systems, by multiplying warheads on their missiles or by relying increasingly on cruise rather than ballistic missiles.

The Russians, who see America's adding a defense against ballistic missiles to an enormous offensive program that will soon render vulnerable their land-based missiles — are unlikely to consent to a drastic reduction of offensive weapons unless the United States agrees to scrap or drastically constrain its defensive program. Since the Soviet arsenal depends more heavily on land-based missiles than America's does, a major effort to restore the invulnerability of that arsenal through defenses would predictably provoke an American counter-effort to render the shield and arsenal impotent through new offensive-weapons developments.

This then is a recipe not for arms control but for endless escalation of the arms race. All of this to make it more difficult for Moscow to destroy American land-based missiles! To do something that, as the Sowercroft

## THE HISTORY OF THE ARMS REDUCTION TALKS



commission pointed out, the Russians have no incentive to try, given the size and capability of the arsenal with which America could retaliate. America's allies do not see what advantage they could derive from a situation in which the Russians, following the U.S. example, would build defenses to protect land-based missiles and other military targets: The Russians would no longer have much to fear from the Atlantic alliance's threat of first use of nuclear weapons in case of a conventional attack.

The allies thus see in the SDI one more hole in the American nuclear umbrella. The superpowers' success in making their nuclear forces invul-

nerable would increase the chances of a conventional war breaking out and destroying Europe. Much of the deterrent power of the French and British nuclear forces, which are currently undergoing costly expansion designed to enable them to strike Soviet military targets, would be lost.

As each superpower continued to seek ways to make the other's nuclear forces vulnerable, Europe would look with dismay at the destruction of arms control possibilities, the resulting political tensions between the superpowers and the hardening of the division of Europe that would follow.

Today a strange diplomatic minuet is being danced. Washington tells the

allies that "star wars" is just a research program to which they obviously cannot object. Some officials in the Reagan administration also tell that allies the SDI has been a bargaining chip primarily used to get Moscow back to offensive-weapons negotiations. What will happen when the allies discover that, as Mr. Reagan insists, this is not a bargaining chip? They will feel swindled. Washington will tell them that, after all, they did not oppose "star wars" and it is too late for recriminations.

A perfect defense that renders nuclear weapons obsolete and replaces a strategy that relies on the threat of mass destruction is a noble dream.

The writer is chairman of the Center for European Studies at Harvard University. He contributed this comment to The New York Times.



## Look Inside, Look Outside: Nuclear Winter Is Here

By John E. Mack

CAMBRIDGE, Massachusetts — There have been a number of films in the last two years — such as "The Day After," "Testament," "The Road Warrior" and "Threads" — that confront the threat of nuclear war by providing visions of life after the weapons have been detonated. But it occurred to me while watching "Repo Man" (the title refers to the employees of a fraudulent company that "repossesses" cars) that we live in a post-nuclear world even though the bombs have not gone off. Nuclear weapons are already taking a moral, spiritual, psychological and physical toll.

In the film, the character of J. Frank Parnell, a middle-aged scientist, is first seen mysteriously driving a 1964 Chevrolet across the southwestern American countryside. In the car trunk are four dead extraterrestrial aliens whose matter is capable of disintegrating — in a blast of heat and radiation — anyone who opens the lid. The driver weaves along the highway, sweating and drained, as the heat from the trunk penetrates the car.

Parnell tells Otto, the troubled young punkish hero of the film, in anguished tones that his mind is eroding. He reveals that he has worked on designing the neutron bomb, which drove him mad, after which his project was canceled and he was lobotomized. The neutron bomb, Parnell says, destroys people and leaves buildings standing. "Fits in a suitcase. No one knows it's there until blammo! Eyes melt, skin explodes. Everyone dead. It's so immoral, working on the thing can drive you mad." As Parnell deteriorates further mentally, the heat from the aliens in the trunk exhausts his body until finally he dies, discarded on a bench.

The movie is set in the post-industrial ruins of downtown Los Angeles amid uncollected garbage strewn with trash and debris, deteriorating buildings and discarded appliances and industrial

equipment. Figures in white space suits, aseptically walked off from contamination, pick up the drunk and dead bodies that fall in the streets.

The moral code of the Helping Hands Acceptance Agency, the gang that "repossesses" cars, stealing them "from dildos who don't pay their bills," parallels the ethic of the neutron bomb. Cars are not to be damaged but people die meaninglessly, or are killed without a thought in order to obtain a profitable object. No one seems to care. "Not many people have a code anymore," one of the repo men says. Kill or be killed is the dominant ethic. Middle-class punks with Mohawk haircuts or shaved heads commit crimes for fun. Zombie-like cultists spout forth a variety of formulas for salvation in a world that is out of their control.

"Repo Man" depicts the physical and moral desertion that results from perpetually committing the planet's resources to nuclear annihilation instead of to the benefit of mankind.

There now seem to be post-nuclear war zones in New York, Los Angeles and other cities, as whole neighborhoods, sections of the nation that the new prosperity has passed by, disintegrated for lack of basic resources. The poor must do without adequate medical care, and infant death rates rise as health centers close and billions more are devoted to instruments of destruction. The increasing number of homeless in America's cities have become the refugees of a potential war for which society is mortgaging its humanity.

In midtown New York recently, two single-room-occupancy hotels that formerly housed poor people were demolished without a city permit. The motive was reportedly to beat a legislative deadline

that would have placed a moratorium on profitable luxury conversion of such properties. Since apparently no attempt was made to disconnect water and gas lines, much of the block — and the people in it — could have been blown away.

As many American young people grow older, they become afraid that they may have nothing to look forward to. They are uncertain about making lasting commitments to a future that they doubt they will ever see. For one rock music group, the Sex Pistols, "no future," a line from one of their songs, became virtually a motto.

When governments take the lead in planning the systematic murder of millions of innocent people, all other destructive behavior may become permissible. The justification for this — the activity of another nuclear superpower — seems inadequate, especially as the proliferation of nuclear weapons does little to change what is depicted about the alien power's system or intentions.

The nuclear winter is already here; it is a cold winter of the soul. The bombs have not gone off, but they are affecting our moral and spiritual lives.

A film such as "Repo Man," even if this is not its intention, reveals to us the degraded human landscape surrounding us. It does not have to be this way. We can still become aware of the violence that we are inflicting on ourselves as we threaten to destroy our enemies and our planet. It is not too late to take responsibility with the Soviet Union and other countries for the world that we are creating. The risk of going on as we are is that the loss of caring may permit the last destructive act.

The writer, a professor, is chairman of the executive committee of the department of psychiatry at Harvard University. He contributed this comment to the Los Angeles Times.

## Imperial and Bellicose

The imperial presidency is back. President Reagan will agree to live with a troublesome Nicaragua only if its leftist ruler surrenders. If they do not, he wants a U.S.-backed proxy army to overthrow them. If Congress has passed laws that bar this, it is badly informed and those laws are only "proposals."

One thing to be said for Mr. Reagan's blunt words is that it is good to be done with the administration's palaver about supporting the Contadora compromise, whereby Nicaragua could live in peace if it bars foreign bases, weapons and advisers. Likewise abandoned is the pretense that Nicaragua's principal vice is smuggling comrades arms to Salvadoran guerrillas. At his news conference on Thursday the president disposed of all this foliage by not even referring to it. Asked if he was calling for the overthrow of the Sandinistas, he could hardly have been more blunt: "Not if the present government would turn around and say — all right — if they'd say 'uncle.'"

As remarkable as his threat was Mr. Reagan's justification for it. He castigated Nicaragua for its lack of freedoms, its betrayal of democratic promises made in 1979 to the Organization of American States. All that is deplorable, but does not threaten U.S. security. Yet Mr. Reagan claims a license under the OAS charter to do exactly what that treaty forbids — to use force or the threat of force until a sovereign neighbor "says 'uncle.'"

The bellicose message is aimed at Congress, which voted last year to end CIA funding of the "contra" war against Nicaragua. He implies that legislators who oppose funding are misguided or craven. But it is not craven to hold the United States to the same standards by which it judges Soviet misdeeds. It is not misguided to wonder why 15,000 rebels have so failed to win support within Nicaragua. In four years they have not won and held a single town or even unified their command.

There is no way to reconcile these failures with Mr. Reagan's portrayal of a country subdued by alien invaders — as if Nicaragua were Afghanistan. Nor do they square with Secretary of State George Shultz's dramatic assertion that Nicaragua is behind the Iron Curtain. What holds the Soviet empire together is the Red Army, enforcer of the Brezhnev Doctrine. Say what you will about the Sandinistas, it is not the Red Army that keeps them in power.

The Reagan administration deals with these awkward questions by flourishing the president's electoral mandate as if it were a magic cloak. But his is not the only mandate. Americans still elect a Congress, too, and the one elected in November is not much different from its predecessor. The 98th Congress said so, and the 99th is very likely to reaffirm that "proposal." What is unclear is whether the president will finally pay attention.

— THE NEW YORK TIMES.

## Kirkpatrick Did a Job, But Is It the Right One?

By Robert L. Schiffer

NEW YORK — Whatever the ultimate judgment on Jean J. Kirkpatrick's four years as chief American delegate to the United Nations, she has had more influence on America's policies there than any of her 16 predecessors. She took the job believing her assignment was to protect and enhance "the legitimate aspirations of the American people" in an organization that, she felt, had begun

to treat America as "the bad guys." She leaves it convinced that whereas "four years ago, the United States was isolated and humiliated... that is not easy anymore." It is a concept of the job that her successor, Lieutenant General Vernon A. Walters, promises to uphold, but is it a valid one?

Is that why the United States spends more than a billion dollars a year at the United Nations? That is the way Dr. Kirkpatrick saw it, and while she was more abrasive than need be at times, she made it unmistakably clear that the United States could no longer be taken for granted.

But rhetoric can take you only so far. Few delegates, Dr. Kirkpatrick included, take a position on anything without instructions from home. What she has had to contend with are the echoes of larger foreign policy disputes in which respect for the United States is not won or lost because a chief delegate delivers a hard-hitting speech. Her predecessors were no less vigorous than she in defending U.S. interests, but they, even as she, had to cope with the fact that, from the 1960s on, Washington did not have the votes to call the tune.

Dr. Kirkpatrick has been at her best when representing policies that have been clear and straightforward, such as those concerning the Afghanistan issue and attempts to expel Israel from the United Nations. But she has been uncharacteristically silent in situations such as the on-again, off-again positions that the United States has taken in connection with the Law of the Sea Treaty and, most recently, in the withholding of a promised and badly needed contri-

Walters is known for skill in quiet diplomacy, and this may be a good time to give it a try.

but to the UN Fund for Population Activities because the Reagan administration was vetoed by reports of abortions in China. Not only does this latter action undercut one of the more deserving United Nations programs, in fact for domestic political reasons, it will change nothing in China, while prolonging the agony of starving Africa, where food and population are intertwined. This is no way to win the respect that Dr. Kirkpatrick has been working for.

The United Nations is in many ways its own worst enemy, with deliberative organs that are less and less useful. But that is the fault of its members, who worry more about using the United Nations to score propaganda victories than for solving the problems before it. Dr. Kirkpatrick met the Russians and the Third World head on, and she completed the agenda she drew up for herself. General Walters is known for his skill in quiet diplomacy. This may be a good time to give it a try.

The writer served as an adviser to Kurt Waldheim, when Mr. Waldheim was secretary-general, and to two United States chief delegates to the United Nations. He contributed this comment to The New York Times.

## LETTERS TO THE EDITOR

### Deterrence by Suitcase

The technical implausibility of President Reagan's "star wars" defensive shield is not its main problem. The very idea is archaic. It assumes that missile-carried weapons are the principal nuclear threat.

As Professor Lloyd S. Etheredge of the Massachusetts Institute of Technology wrote in The New York Times on May 27, 1981, "The Russians already have the capability to place nuclear warheads throughout the United States quietly, as we have to situate them throughout the Soviet Union." Technology has led us past the age of thrown weapons to planted weapons. The new threat is in the detonation of planted weapons small enough to fit into a suitcase.

Given the paranoia that fuels both the Soviet and the American military planners, can we safely assume that the planting has not already been done? For 40 years the ruling military axiom has been, "If we can do it and they can do it, we'd better do it, since they probably have done it."

Could the Russians penetrate America's borders so easily? Mexican peasants cross those borders almost at will — and return home for birthdays. Sophisticated superpowers can enter with at least equal ease.

Security lies not in laser fantasies in space but in belatedly serious diplomacy and arms control on Earth. DANIEL C. MAGUIRE, Milwaukee.

### Responsibility in Manila

Regarding "Philippines Puts Blame on IMF" (Feb. 6) by Mark R. Thompson and Gregory W. Slayton:

I must object to the title given our column as not only erroneous but in fact misleading. Our thesis was simply that IMF leniency in both its programs and its review procedures, coupled with its unwillingness to address critical structural barriers within the Philippine economy, renders the IMF far from blameless in the current Philippine economic crisis. This is especially true in light of the fact that the IMF has had almost continuous standby arrangements with the Philippines since 1962.

Nevertheless it is clear that the primary responsibility for the crisis rests squarely on the shoulders of the

current Philippine government. An attentive reading of our column reveals this underlying assertion. That your title obscures this important point is a mild understatement. GREGORY W. SLAYTON, New York.

### The Very Same Man?

Regarding the report "Graphic Anti-Abortion Film Touches Off Controversy in U.S." (Feb. 11) by Ruth Marcus:

We are told that the busy President Reagan finds time for generous and inspired compassion for the fetus who experiences "long and agonizing pain" during an abortion. This sympathetic president is so considerate as to make it his concern that even the unborn citizens of his country will be safe within the wombs of their mothers. Could this be the very same man who makes it his business to build the most sophisticated weapons possible, designed solely to extinguish thousands of lives at once — adults, children and fetuses alike?

TANYA TOMKINS, Amsterdam.

As a university student in New England I was a part of Students Against Nuclear Energy (SANE). We found it impossible to lease a Canadian-made documentary depicting the realities of nuclear arms, energy and politics. The film received worldwide recognition for its excellence, but it was banned in the United States by the Reagan administration.

Now I read that President Reagan is all for an emotional documentary, which is to be widely distributed, condemning abortion rights. Isn't politics grand?

ROBERT ZAKIN, Brussels.

### In Orbit or the Suburbs

Regarding the feature article "A Space-Age Building" (Jan. 28):

I was disappointed by your review of the Intelsat Building in Washington. Benjamin Forgey makes sound observations on the building's disregard for its context and for pedestrians. He discusses the mistaken placement of its main entrance. Those observations are ignored when he concludes that the building is a success because of its technological in-

novativeness and energy-saving features. Such is the American worship of technology that we can forgive almost any sin if there is a new set of buttons or gizmos to distract us.

I am very skeptical of the elaborate window shading devices. How will they appear in a few years, rusted and corroded? And what about the building's response to the urban residential scale of Connecticut Avenue?

In European urban architecture, respect for history is a prerequisite of design. In the United States, sensitivity to the historical is only an "option" that the designer may or may not exercise. Surely, American cities will suffer if more "mini-Intelsats" begin growing — and if architects ape what they perceive to be approved by the press. Why not take a stand and say that Intelsat should be placed where it belongs: either in outer space or in the suburbs somewhere? NILS C. FINNE, Helsinki.

### Who Pays This Piper?

I see that Jennifer Hirschberg (People, Feb. 6) has been hired as press secretary to Mrs. Reagan at an annual cost of \$55,733. Is Mrs. Reagan herself footing this bill, or are the taxpayers being asked to fork over \$55 big ones to keep the world informed on the colors of this year's White House bathroom drapes and whether the president is talking to his son? DONALD ARTHUR, Munich.

### Protectorate, Not Colony

Your reference to the sultanate of Brunei (People, Feb. 12) as a former British colony is incorrect. Brunei enjoyed, from 1888 to December 1983, a special treaty relationship with Great Britain whereby its foreign affairs were the responsibility of the British government. Brunei was thus, throughout this period, a British protectorate. This fact was emphasized when, on Jan. 1, 1984, the treaty was bilaterally terminated. At the ceremony the Union Jack was not lowered, as it had never been flown in Brunei. The sultan issued a proclamation of the declaration of independence of the sultanate. JEFFREY FINSTONE, Paris.

## Economic And Social Just a

By George C.

NICOSIA — A war that divides the economy between the Turkish north and the Greek south. The stagnation visible in the stagnation of the south. The drivers' paradise, its roads devoid of traffic, apart from carrying fresh produce to the markets. The situation is difficult. The decade ago. Then, Army's invasion of a year left more than a island, containing a Soviet government. Some 70 percent of the economic and natural resources of the island were together. Turkish Cypriots, making up 18 per cent of the population.

The Greek Cypriots, on the other hand, were faced with a situation of economic stagnation. The island's population, estimated at 700,000 in 1974, the gross domestic product fell by 15 percent. The island's future, however, was bleak. In 1974, the south was a term: disabled by Cypriots, as achieved at the cost, and many of the weaknesses created the managing solutions now.

After 1974, priority housing and employment from the north. Financial projects such as the construction of schools, roads and airports were in preference. This was by deficit financing a encouragement of labor-management.

Private overconsumption meant that gross domestic product had been inadequate to investment, resulting in a Cyprus's traditional balanced budgets. Since 1974, the investment ratio of 36 per cent of GDP, one of the highest in the world, has been financed by borrowing. The current foreign debt stands at about \$300 million, or about 150 percent of GDP, a burden for an economy of 700,000 people, and its debt service is 1.5 percent of GDP.

The initial emphasis on low technology, the unemployment, and the farm lands of the

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# CYPRUS

A SPECIAL REPORT

MONDAY, FEBRUARY 25, 1985

Page 7

## Economic Recovery And Stagnation Sit Just a Street Apart

By George Coats

NICOSIA — A walk across the Green Line that divides Nicosia encapsulates the economic differences between the Turkish-occupied north and the Greek Cypriot south. The stagnation immediately visible in the shabbiness of northern Nicosia contrasts with the bustle of the south. The north is a driver's paradise, its roads almost devoid of traffic, apart from trucks carrying fresh produce, unlike the cluttered highways of the south.

The situation is different from a decade ago. Then, the Turkish Army's invasion of the previous year left more than a third of the island, containing, according to Cypriot government estimates, some 70 percent of the island's economic and natural resources, as the inheritance of the newly gathered together Turkish Cypriot community, making up 18 percent of the Cypriot population.

The Greek Cypriot south, on the other hand, was faced with the task of absorbing 170,000 refugees from the north, about one-fifth of the island's population, raising unemployment to 25 percent. In 1974 and 1975, the gross domestic product fell by 18 percent and 20 percent respectively, and pessimism about the island's future was reflected in emigration figures from the south of 5,400 and 5,600 in 1975 and 1976.

But in the south, the turnaround was rapid. A decision was made to return to pre-invasion economic levels as quickly as possible through the implementation of a series of short-term action plans. By 1978, the south was back to full employment, and a year later the 1973 per-capita income level was reached.

However, this economic miracle, a term disliked by Cypriot planners, was achieved at considerable cost, and many of the structural weaknesses created then are demanding solutions now.

After 1974, priority was given to housing and employing the refugees from the north. Further infrastructural projects such as the construction of schools, roads, ports and Larnaca airport were also given preference. This was achieved by deficit financing and the encouragement of labor-intensive investment.

Private overconsumption has meant that gross domestic savings have been inadequate to fund public investment, resulting in a reversal of Cyprus's traditional policy of balanced budgets. Since 1976, the investment ratio of 36 percent of GDP, one of the highest in the world, has been financed by borrowing. The current foreign debt stands at about \$350 million Cypriot pounds (about \$352 million), or 40 percent of GDP, a considerable burden for an economy of 600,000 people, and its debt-servicing ratio was 10.7 percent in 1984.

The initial emphasis on labor-intensive low technology absorbed the unemployment, and the loss of the farm lands of the Messouria

plain tilted the balance of the economy away from agriculture toward manufacturing and services. Agriculture contributes about 9 percent of GDP and employs around 21 percent of the workforce, down from the pre-invasion totals of 20 percent and 40 percent respectively, while manufacturing contributes 17 percent of GDP.

But the manufacturing sector is characterized by small-scale, family-run businesses employing an average of between four and five persons. As such, it exhibits all the strengths, but also all the weaknesses, of marginal producers. In addition, Cyprus's traditional wage-indexing system meant that labor costs rapidly outpaced productivity, leading to economic overheating. Cyprus's lack of energy resources resulted in a considerable boost in the inflation rate after the 1973 oil price increase. Inflation was running at 13.5 percent by the early 1980s.

Nevertheless, other external factors have assisted the south's recovery. Greek Cypriot entrepreneurs moved quickly to exploit the Arab oil boom. In addition, Cyprus's newly introduced offshore legislation was in place in time to benefit from the decline of Beirut in the mid-1970s. The result has been that the Middle East has now replaced Western Europe as Cyprus's major export market, taking about 50 percent of the south's goods and services, against 30 percent for Western Europe, a halving of the pre-invasion proportion.

The drop in oil prices and more moderate wage increases, which last year for the first time approximated the productivity rise of 3.3 percent in real terms, have reduced inflation, which amounted to 6 percent in 1984 but is again showing an upward trend.

The south's economy is far from out of the woods yet. The current

(Continued on Page 10)



Raouf Denktash

## AN ISLAND DIVIDED

30 Years of Tension And Negotiations



Spyros Kyprianou

**1955** Greek Cypriot nationalists launch EOKA, guerrilla organization against the British colonial administration, in favor of Enosis, the political union of Cyprus with Greece. Turkish Cypriot nationalists form TMT, whose goal is the partition of Cyprus between Turkey and Greece.

**1960** Independent republic of Cyprus is created under joint Greek Cypriot and Turkish Cypriot administration. Archbishop Makarios becomes president. The republic is guaranteed by Britain, Greece and Turkey.

**1963** Archbishop Makarios submits proposals to amend the constitution. Fighting breaks out. Turkish Cypriots withdraw from the government.

**1964** United Nations peace-keeping forces arrive. UN-sponsored intercommunal talks begin to resolve differences.

**1974** Intercommunal talks appear to be on the verge of agreement. Greece launches a coup against the Makarios government. Archbishop Makarios escapes and eventually returns as president. In the interval, Turkish troops land in Cyprus and occupy 37 percent of the island.

**1975** Intercommunal talks resume under United Nations auspices.

**1977** Archbishop Makarios and the Turkish Cypriot leader, Raouf Denktash, meet. The two sides agree on a bizonal, federal, nonaligned and

independent republic as the basis for a settlement. Archbishop Makarios dies. He is succeeded by Spyros Kyprianou.

**1978** Mr. Kyprianou and Mr. Denktash meet, ratifying and extending the Makarios-Denkash guidelines.

**1983** Greek Cypriots raise Cyprus issue at the UN General Assembly. Turkish Cypriots pull out of the intercommunal talks. Turkish Cypriots unilaterally declare the occupied zone as the Turkish Republic of Northern Cyprus. Turkey recognizes the republic. The UN launches new peace efforts.

**1985** Mr. Kyprianou and Mr. Denktash meet at the UN in January. The two sides fail to agree on a draft settlement.

## Potato Farmers Are Moving Mountains

By Kerin Hope

LARNACA — Eager to get a bigger share of the lucrative British potato market, enterprising growers in the south of Cyprus bring truckloads of rich red soil to the rocky headlands of the island's southern coast and plant where the climate is milder and water remains readily available.

Potatoes have replaced table grapes and oranges as the Greek Cypriot farmer's most important single crop. The early varieties, harvested in April, are sold as "small-size new

potatoes" in Britain and West Germany. A smaller second crop, harvested in late autumn, goes mainly to Arab markets.

"Getting the crop on the market early can make a considerable difference to prices, so energetic farmers simply move their field to where the potatoes can ripen fast and the irrigation works," the agriculture minister, Andreas Pappasolomonos, said.

Cyprus exported 160,000 metric tons of potatoes in 1983, the last year for which complete figures are available. More than 70 percent went to Britain. Earnings from potato sales totaled

12.3 million Cyprus pounds (about \$18.4 million), accounting for 20.6 percent of total agricultural exports.

The potato-growing boom is spreading now to the north of the divided island, although Turkish Cypriot farmers say they are hampered by the EC export ban on popular seed potato varieties. Last year, farmers in the north exported 14,000 tons of potatoes, mostly to Britain.

Before northern Cyprus unilaterally declared independence in November 1983, the European Community turned a blind eye to trade with the

## UN Peace Effort: The Key Word Is Momentum

By Andriana Ierodiaconou

NICOSIA — The divided Greek and Turkish Cypriots happen to have an idiomatic expression in common: "The sugar is in the water." In both Greek and Turkish, this is to say that a situation is urgent.

The sugar is certainly in the water, after the failure of the January peace talks in New York between President Spyros Kyprianou and the Turkish Cypriot leader, Raouf Denktash. Their meeting was the result of more than a year of diplomatic effort by the United Nations secretary-general, Javier Perez de Cuellar, operating with the backstage help of interested capitals such as Washington and London. It was considered the best chance in a decade for reaching an agreement toward a reunited Cyprus.

Officials involved in the UN peace effort now say it is imperative to keep the diplomatic momentum going that could bring Mr. Denktash and Mr. Kyprianou back together for a second attempt at an agreement. If the initiative fails, observers believe it could set back peace prospects for years.

What is at stake is the future of the island's two ethnic communities. Since 1974, the Turkish Cypriots, who make up about one-fifth of the population, have been segregated from the Greek Cypriots across the military barrier known as the Green Line. Turkey landed troops in Cyprus in July of that year, after a coup led by the Athens junta against the government of Archbishop Makarios. The northern part of the island, about 37 percent of its territory, has been under Turkish military occupation ever since, in a de facto partition of the island.

A vital ingredient of the diplomatic momentum is U.S. interest in the UN peace bid. This interest lies

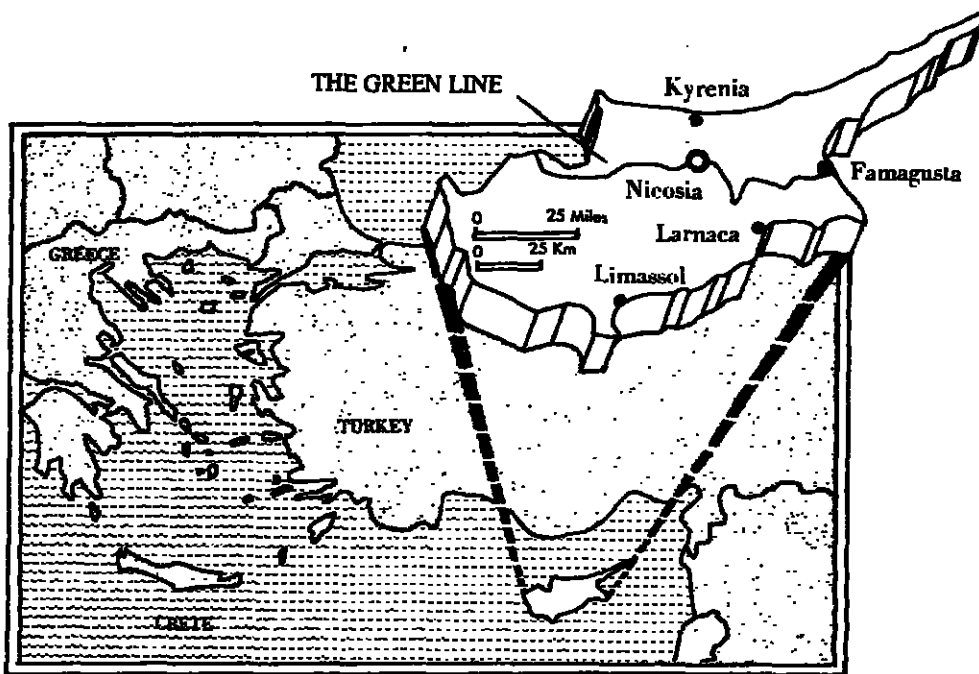
in reducing Greek-Turkish tensions in the North Atlantic Treaty Organization and limiting congressional resistance to boosting military aid to Ankara. The UN efforts also have the backing of the Soviet Union, which is anxious to prevent the permanent partition of Cyprus between NATO members Greece and Turkey. The Soviet Union would prefer a nonaligned Cyprus.

Washington, while stressing that it takes its lead from Mr. Perez de Cuellar, is playing the most important behind-the-scenes role. Last fall, President Ronald Reagan called on Turkey to urge Mr. Denktash to ease his demands in the UN-mediated Cyprus negotiations. As a result, Mr. Denktash dropped a demand for a Turkish Cypriot presidency-in-rotation in a two-zone, federal republic, which both sides agree must be the framework for a settlement. He also made his most generous territorial offer to date, under which about 8 percent of the Turkish-occupied zone would be restored to the Greek Cypriots.

Those concessions made the January meeting possible. Having got there, however, the two sides failed to agree on the meeting's purpose. Mr. Denktash left, insisting that the concessions were his last word and that he had come together with Mr. Kyprianou to sign a preliminary agreement. This text would have left to joint working groups such issues as the timetable of Turkish troop withdrawal, guarantees for the future state, the right of movement, property ownership and settlement on the island, and the precise areas to be restored to the Greek Cypriots.

Mr. Kyprianou's view was that the blanks pertaining to these issues had to be negotiated and filled in at the highest level before signature and before the setting up of

(Continued on Next Page)



## Growing Tourist Industry Becomes Multilingual

By George Coats

NICOSIA — Not so long ago, a foreigner who got into a taxi in Cyprus and gave his destination in broken Greek was automatically answered in English. Today, he is just as likely to get his reply in Swedish or German, depending on how the taxi driver analyzes his accent. The change reflects the expansion of the Cypriot tourist industry and the success of its quest for new markets.

British passport holders still make up the largest group of visitors to the island, but, increasingly, Scandinavians, Germans, mainland Greeks and, since the war in Lebanon, Gulf Arabs, are joining them.

Last year, the Greek Cypriot south was host to more than 700,000 tourists, 18.4 percent up on 1983's total. Each stayed an average of 10.6 days and together contributed more than 200 million Cyprus pounds (\$143 million), about 12 percent of the gross domestic product, to the economy. This was welcomed by a tourist industry that a decade ago lost its two main centers, Kyrenia and the Varosha area of Famagusta, as

a result of the Turkish occupation of the north. Once the recovery started, it was rapid. The airport at Larnaca was converted into an international airport to replace the one in Nicosia, which is now in the United Nations buffer zone.

Building around the island's formerly neglected southern perimeter began as the displaced hoteliers from Varosha turned Limassol into the island's nightlife capital. At the end of last year, Limassol had 32 hotels and hotel apartments offering 4,652 beds, with another five under construction and further building already approved. Larnaca also has been developed and it now offers more tourist accommodation than Nicosia. Ayia Napa, to the south of Famagusta, has retained an attractive elegance lacking in the more crowded resorts, while Paphos, with its new airport, offers a more isolated position and more sedate traditions.

Between Paphos and the rest of the island lie the Troodos mountains, which rise to more than 6,000 feet (1,800 meters) and offer skiing in the winter and a refuge from the heat in the summer.

Cyprus also is looking to the middle-income

market, and while projections forecast some 800,000 tourists a year, plans are being laid to spread the load by extending the season from the present peak period of the six summer months to include the milder spring through to November.

Holidays of special interest are being promoted, drawing on the island's historical heritage. Walkers, wild-flower lovers and, should this winter's return of the mute swan for the first time in 76 years to Larnaca's salt lake be repeated, bird-watchers all are being courted.

In contrast to the south's recovery, however, the northern areas have not fared so well. The high-rise hotels of Varosha have been standing empty and unmaintained for 11 years. Attempts to attract tourists with hard currency have met with limited success, while the Cypriot government in the south has discouraged any international airlines except Turkey's THY from using Ercan airport, near Nicosia. Also, a ruling by Britain's House of Lords that tourists could be sued for using the furniture and fittings of hotels formerly owned by Greek Cypriots in the north has acted as an obstacle to tour operators.



At the Green Line: Nicosia's Selimiye Mosque, at right, in the northern sector.

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## A SPECIAL REPORT ON CYPRUS

## Communists' Supporting Role In an Entrepreneurial Society

NICOSIA — Once a visitor gets to the four-story office block housing the Progressive Working People's Party, known as AKEL, it is only a short walk to an imposing concrete building fronted with attractive stained-glass windows nearby. This is, in fact, the Soviet cultural center, built in 1979 as Moscow's answer to the thriving American center on the other side of town.

That the two buildings are found in the same neighborhood is apt. AKEL had its beginnings in the Communist Party of Cyprus, known as KKK, founded in the early 1920s by a group of Greek Cypriot workers inspired by the ideals of the Russian Revolution. In an early letter to the British Labor Party, the KKK's founders declared their goal to be "the setting up of a soviet socialist republic" in Cyprus.

One of the determining historical characteristics of AKEL itself — the party was renamed in 1941 — lay

more than a secondary role, backing first Archbishop Makarios and, after his death, in 1977, his successor to the presidency, Spyros Kyprianou.

In a 1983 "minimum policy program" formalizing AKEL's alliance with Mr. Kyprianou's right-of-center Democratic Party, the Communists went so far as to pledge their support for a free economy and, even more startlingly, "the middle classes."

"We believe that Cyprus is still struggling for its national survival. To bid for socialist reform now would only divide the people and serve the interests of our enemies," an official of AKEL said in a recent interview.

Meanwhile, Cyprus is a thriving entrepreneurial society, made up of what one Western observer calls "incubable capitalists, including the Communists," with its face firmly turned to the West.

Although AKEL accounts for more than a third of the electorate, the Soviet Union and other East bloc countries attract less than 10 percent of the Cypriot students who go abroad for their university education each year. According to the United States Information Service, Cyprus will draw 275 Fulbright scholarships in 1985, the largest number in absolute figures worldwide.

The Soviet Union will award about 80 scholarships this year. More significantly, the consensus among political analysts is that AKEL's electoral strength, estimated at more than 40 percent at its peak some years ago, is on a slow decline. One commentator invoked the "anachronism of a strictly orthodox, Moscow-line party, which entertains little dissent. Anybody who disagrees with the party line is expelled. Such is the discipline that few of them will ever reveal why, even years later."

Other analysts cite the evolving economic and political situation on the island.

"When we first started the party, education was low, people were exploited by landowners, merchants, the church. The ground was very fertile; it was easy to spread communist ideas," says Ploutis Servas, a former general secretary of AKEL, who was expelled for dissent in 1972.

The first serious challenge by the right, according to Mr. Servas, came only after 1955, when, through the EOKA fight, "the right swept the youth — they had the revolutionary slogans."

But the battle is not yet over for AKEL. According to diplomats involved in the current United Nations peace bid for Cyprus, the Soviet Union's support of these efforts reflects above all the desire to see the re-establishment of a nonaligned republic on the island within which the party could form a power bloc together with the Turkish Cypriot Communist left, which comprises about 16 percent of the electorate in the north.

In cooperating with the Turkish Cypriots, commentators say, the party can build on its past moderate, anti-nationalist image.

Officials of PEO, the AKEL's trade union confederation, which represents about 50 percent of unionized Cypriot workers, say they have had several contacts in the past years with Turkish Cypriot labor leaders, most recently in London in November 1984, and that they look forward to more.

It seems to me that future cooperation between the Greek Cypriot and Turkish Cypriot Communist left is something that Washington, which is in the driver's seat in terms of the United Nations peace initiative, will be keeping a close watch on," one observer of the peace process said.

— ANDRIANA IERODIACONOU

**The party is one of the world's largest nonruling Communist parties. It emerged as the largest party in the 1981 elections.**

in the fact that it remained largely uninvolved in the guerrilla war of 1955-1959 against British colonial rule, which was fought under the banner of EOKA, the political union of Cyprus with Greece.

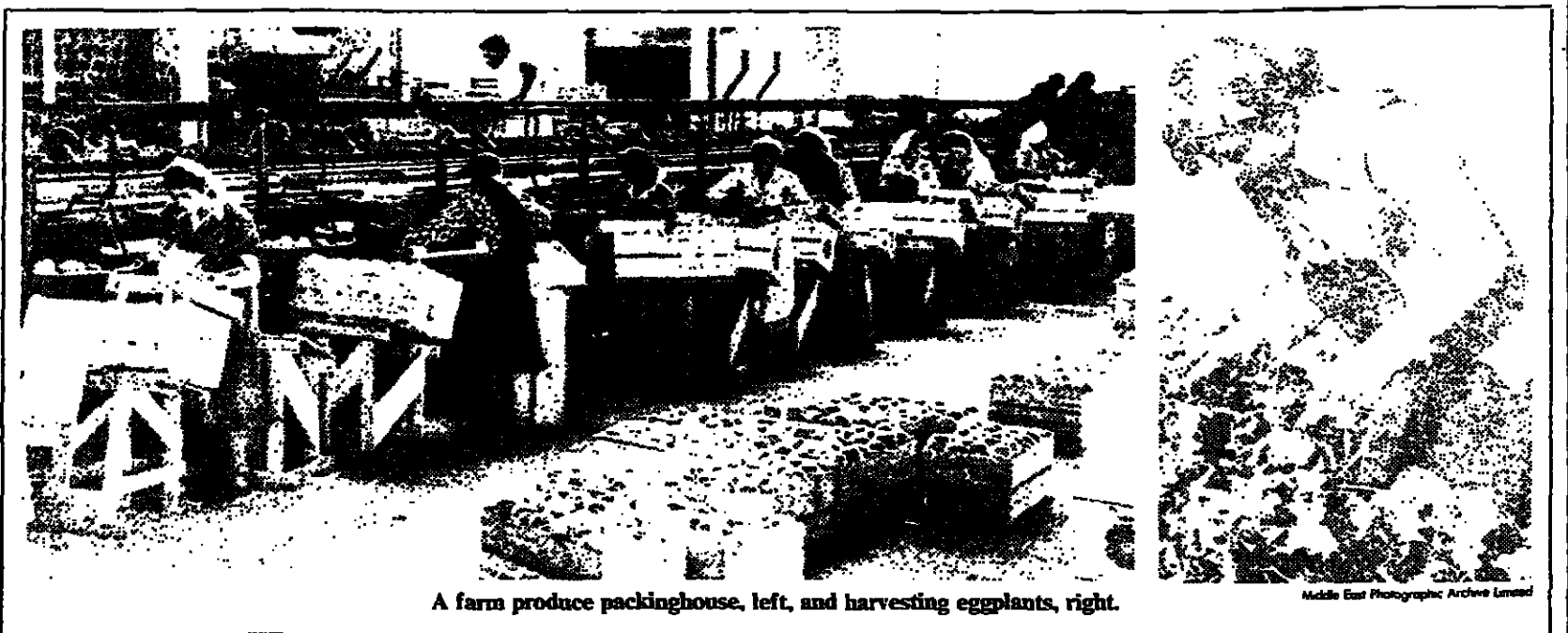
This was partly because EOKA, the rightist nationalist movement, by definition excluded AKEL. But the Communists also represented a political force, the only major force of its kind on the island, which rejected nationalism in favor of coexistence between the two ethnic communities, the Greek and Turkish Cypriots.

Today, the pro-Moscow AKEL is one of the world's largest nonruling Communist parties. It emerged as the single largest party in the 1981 legislative elections, with 32.8 percent of the vote, a 1-percent edge over the rightist Democratic Rally.

The only other significant leftist party, the socialist EDEK, lags far behind, with only about 8 percent of the vote. It is not surprising, then, that AKEL's tacit alliance with the island's first president, Archbishop Makarios, spawned U.S. State Department fears of Cyprus as a "Mediterranean Cuba." The archbishop, who secured the party's support in exchange for legalizing it, was tagged the "Red priest."

"Makarios's nonaligned foreign policy, which looked toward the Soviet bloc as well as the West, contributed to American fears. But these were also fueled by the existence of AKEL behind the scenes," Michael Atalides, a sociologist and author of a book on Cyprus politics, said. Yet, the party's story is more one of what might have been. Far from setting up a "soviet republic," the 1960 independence treaty set up a government guaranteed by three North Atlantic Treaty Organization powers: Britain, Greece and Turkey. To underline the fact that Cyprus was part of NATO's strategic territory, 99 square miles (257.4 square kilometers) were ceded under the treaty to Britain for military use.

Under these circumstances, AKEL never played



A farm produce packinghouse, left, and harvesting eggplants, right.

## EC Moves Closer to Agreement on Customs Union

By Steven J. Dryden

BRUSSELS — After more than eight years of delay, the European Community this year may take the first steps toward completion of a final trade agreement with Cyprus.

Following a meeting with Cypriot officials in December, the community announced that it had the "firm intention" of preparing guidelines in 1985 for negotiating a customs union with Cyprus.

Under a 1973 agreement of association, which the community has concluded with only three other countries — Turkey, Greece and Malta — Cyprus and the EC have established a preferential tariff system. The customs union, which was to have come into force in 1977, would lead to the abolition of trade barriers and the adoption by Cyprus of the community's common customs tariff for external trade.

The community plan, however, remains linked to the same larger EC and Cypriot problems that blocked its fulfillment in the past: the lack of a political settlement on the island and the enlargement of the community to include Spain and Portugal.

The community has always maintained that the development of its trade relations with Cyprus cannot be separated from the island's political situation. When the community made its December statement, there was hope that the upcoming meeting between the Greek Cypriot and Turkish Cypriot leaders in New York would produce a settlement. The breakdown of the talks left the intentions of the community unclear.

Even if the political situation improves, the community clearly appears to want to complete its enlargement negotiations with Spain and Portugal this year as planned before defining trade relations with Cyprus. At that point, although Cyprus can count on support for the customs union from member states as Greece and Britain, there may still exist objections from other community nations that do not want to liberalize agricultural trade with yet another Mediterranean country.

This uncertainty is stretching the patience of Cypriot officials. "Cyprus wants a close relationship," said Andreas Georgiades, a counselor at the Cypriot mission to the EC. But, he added, "the importance of the community to Cyprus is diminishing each year."

Another Cypriot official has complained privately to the community that EC-Cypriot relations are paralyzed. He said that Cyprus has been treated unfairly and penalized economically by community inaction.

Cyprus is chiefly concerned by its negative balance of trade with the community, which grew from 97 million European Currency Units (\$108 million) in 1976 to 508 million ECUs (\$452 million) in 1983. The community's share of exports from Cyprus fell from 44 percent in 1975 to 27.5 percent in 1983.

This trade slowdown has affected the chief Cypriot agricultural exports to the community — citrus fruits, new potatoes, grapes and wine. The community's main exports to Cyprus include cereals, animal feed, machinery, road vehicles and textiles.

Cypriot officials blame much of the deteriorating balance of trade on the quotas that control many of their preferential exports to the community in the absence of a customs union. EC officials reply that part of the deterioration can be explained by the diversification of Cypriot exports, although they admit that some member states have blocked efforts to give Cyprus better trade conditions.

As to the timetable for a customs union, Cyprus believes the community has its priorities backward. "A customs union will induce a political settlement by creating commercial and economic benefits that Turkish Cypriots would like to share in," a Cypriot official in Brussels said. The Cypriot government would also welcome the political support such an agreement would represent, officials of several EC countries said.

Cypriot officials have told the community they think the EC has made a mistake by not completing a customs union agreement while the enlargement negotiations were under way. The entry of Spain and Portugal, they said, will only reduce Cypriot agricultural exports to the community that have already been weakened by several years of sluggish trade. The officials said Cyprus should be given special consideration apart from any new community policy on trade with nonmember Mediterranean countries.

Cypriot officials gloomily predict that even if the community adopts negotiating guidelines this year, it may take several more years to complete a customs union agreement. Turkish Cypriot officials, however, are opposed to the establishment of a customs union while there is no political settlement.

"It's a mistake to have a customs union [between the community and Cyprus] when you have no customs unions within the country itself," said Boris Atun, the representative in Brussels of the Turkish Cypriot government. "They [the community] would be officially and effectively dividing the island."

Mr. Atun, a former mayor of Famagusta, said a customs union would only perpetuate what he believes has been an unequal distribution of community aid, mainly benefiting the Greek Cypriot population. "We have not received a single penny from the EC for any of our projects," he said.

A community source said the projects proposed by the Turkish Cypriots, which included road and harbor improvements in the northern part of the island, were rejected because they did not meet the EC criteria that they benefit the entire population.

"Projects on the Greek side were rejected, too" on the same basis, the source said. The projects the community has approved have come under two financial protocols, the first running from 1979 to 1983 and the second beginning last year. The first protocol provided \$33 million in loans and \$8 million in grants used for three projects: extension of the electrical system for the entire island, improvement of the water supply network in Larnaca, Nicosia and Famagusta, and modernization of the sewage system in Nicosia. The second protocol, which provided \$30 million in loans and \$8.9 million in grants, is to continue the sewer and electricity projects and build a new water supply system for Nicosia, Famagusta, Limassol and Larnaca.

Despite this appearance of community evenhandedness, Mr. Atun said the Turkish Cypriots remained unsatisfied with the projects. Most of the construction, he said, is handled by Greek Cypriot firms, and many of the facilities for controlling water and electricity are or will be under Greek Cypriot control.

In fact, unhappiness on the part of one side or the other seems guaranteed no matter what policies the community pursues. After the Turkish Cypriot declaration of independence in 1983, for example, EC foreign ministers quickly condemned the move and stated that the government of Cyprus was the only one recognized by the community. This pleased the Greek Cypriots, but they were soon voicing their dissatisfaction with the lack of action by the EC to stop member states from applying the same preferential tariffs to exports from northern Cyprus as they did to those from the Cypriot state.

If the Turkish Cypriots are not penalized for their unilateral declaration, "then they will get the feeling they can take any action they want," a Cypriot official in Brussels said. An official of one EC state said that while the Cypriot argument had merit, "if you were to say that there is a separate entity, from which you don't accept exports, you are accepting the division of the island; we want to avoid anything that would consolidate that division."

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## Cyprus: Recent Developments and Prospects

## ADVERTISEMENT

A high-level meeting in New York between the President of Cyprus, Mr. Spyros Kyprianou, representing the Greek Cypriot community and Mr. Rauf Denktaş representing the Turkish Cypriot community ended on January 21, 1985. The Secretary-General of the United Nations said at the end of the meeting that the gap between Greek Cypriots and Turkish Cypriots had never been so narrow. He also said that he had invited the two sides to meet again, if possible before the end of February.

President Kyprianou, answering questions from the press stated that he did not consider the meeting a failure and expressed his willingness to participate in further high level meetings whenever the Secretary-General invited the parties.

By contrast, the Turkish Cypriot leader said that he would not commit himself to any new date for a meeting, that he considered the meeting a failure and implied that everything that had been agreed up to that a stage must be renegotiated.

Inconsequently to these stated positions, the Foreign Ministry of Turkey on January 22 stated that "The Greek Cypriot side has demonstrated that it does not favour a settlement to be reached through direct negotiations and that it will persist in undermining even the most genuine efforts for such a settlement."

An evaluation of these positions requires a consideration of the background to the high level meeting, of its course and further prospects.

### Background

Cyprus, has, since 1974 been divided. The division was brought about by the armed forces of Turkey which in the course of an invasion forcibly separated the Greek Cypriot from the Turkish Cypriot population of Cyprus and have remained in occupation of the northern 37% of the area of the island ever since.

Repeated calls from the United Nations General Assembly and Security Council for all foreign troops to withdraw from Cyprus were ignored, and in November, 1983 the occupied area of Cyprus was declared an "independent state".

This development, dangerous both for peace in Cyprus and the region, aroused immediate and definite international reaction. The United Nations Security Council took the rare step of stating that were secessionist actions not rescinded it would consider taking urgent and appropriate measures, and in the same resolution (550) requested the Secretary-General of the United Nations "to undertake new efforts to attain an overall solution to the Cyprus Problem".

### Proximity talks

In accord with this and previous U.N. resolutions, the Secretary-General held an extended series of talks with the President of Cyprus and the Turkish Cypriot leader between August and December, 1984. At the end of these series of meetings, the Secretary-General considered that enough progress had been made to justify calling a meeting between the President of Cyprus and the Turkish Cypriot leader for direct negotiations to be held instead of the "proximity talks" in which up to that the Secretary-General had talked separately to the two sides.

During the period between the end of the proximity talks on December 12, 1984, and beginning of the high level meeting on January 17, 1985, the Cyprus Government maintained a stance of cautious optimism and restraint, avoiding any comments on the substance of the negotiations process as had been requested by the U.N. Secretary-General.

At a press conference on December 22 President Kyprianou summarized developments as follows:

"After the conclusion of the third round of proximity talks in New York I talked about cautious optimism. As I have already stated, this is perhaps the first time since 1974 that some optimism is justified. But there is still a lot of distance to be covered in order to reach an agreed framework of a solution to the Cyprus problem covering all its basic aspects."

### Statements by the Turkish side before the high level meeting

President Kyprianou maintained this restraint despite numerous statements from the Turkish side which were by no means calculated to promote a constructive atmosphere. The Foreign Minister of Turkey was quoted as saying (Reuters dispatch, January 15) that Turkey would still keep some troops in Cyprus following any settlement between the Greek and Turkish Cypriot communities.

Since the crux of the Cyprus problem is to ensure the withdrawal of foreign troops so that the Cypriots can live free from foreign interference within a constitutional framework they will themselves formulate, this was a particularly worrying statement.

Another worrying phenomenon before the meeting were certain statements by Mr. Denktaş about what he expected at the meeting. For example on January 6 (Kribris Postas) he repeated:

"Since my return I have been repeating one thing. The draft of the agreement prepared in New York cannot be changed. Not a single word or a comma in it could be changed."

This was a paradoxical statement because in New York there had been progress, a closing of the distance in views between the two sides, but not agreement. Part of the documentation which had come out of the proximity talks was a document entitled "agenda" or "preliminary draft agreement". But the documentation before the high level meeting included other documents as well. And before an agreement could be reached solutions had to be found for outstanding important problems. The prospect of their solution at the high level meeting was in fact what gave rise to guarded optimism.

### Purpose of high level meeting

In view of statements by the Turkish side such as the ones quoted, and others, the Cyprus Government repeatedly sought clarifications from the U.N. Secretary-General and the Secretariat and from various interested Governments. And there were repeated assurances that the purpose of the high level meeting was to negotiate further.

At a press conference on December 19, 1984, the U.N. Secretary-General was asked:

"There seems to be some disagreement between the two sides to the Cyprus question about the precise nature of the meeting which is to take place here in New York on January 17. Is this going to be a negotiating session, or in your estimate is this something different?"

The Secretary-General had replied:

"As you can imagine, I do not see the meeting as a mere formality. What I expected from the meeting is a constructive discussion in which the parties will present their views on my presentation."

The Cyprus Government received assurances about the purpose of the high level meeting from responsible sources. And the documentation which had come out of the proximity talks itself specified that negotiations had to take place at the high level meeting. The texts which were the documentation for the high level meeting, and which Mr. Denktaş later insisted should be signed virtually as they stood, themselves specifically refer to negotiation at the high level meeting. For example, in the document entitled "Agenda" and "Preliminary draft agreement" it is provided that territorial readjustments additional to the areas referred to in the Turkish proposals of August 5, 1981, would be agreed at the high level meeting and that the extent of these readjustments and the number of refugees who would return to their homes would be defined in the agreement that would emerge.

On another crucial issue, the question of the withdrawal of foreign troops, there is specific provision in one of the documents before the high level meeting, that the timing of the withdrawal of foreign troops would be discussed at the high level meeting.

With all these facts and assurances before it the Cyprus Government went to the high level meeting despite Mr. Denktaş's public statements. It was clear that there had been progress during the proximity talks which gave rise to guarded optimism. And it was

also clear that much work remained to be done during the high level meeting before an agreement could be reached.

### The high level meeting in New York

In his opening statement at the first session of the high level meeting Mr. Perez de Cuellar indicated what was to be done during the meeting.

The Secretary-General said (U.N. Press Release CYP/85/1 Nicosia, January 18, 1985):

"I have with me the documentation that we worked on during the proximity talks and to which I referred in my report on December 12. To move from this documentation to the conclusion of an agreement is the responsibility that now has to be faced. We all know that work needs to be done in order to accomplish that task within the outlines elaborated during the proximity talks."

President Kyprianou proceeded to indicate how he considered the move should be made from the existing documentation to an agreement and his view of the work which needed to be done. This was in accord with his acceptance of the documentation presented by the Secretary-General as a basis for negotiations aiming at a comprehensive overall solution to the Cyprus problem.

### Mr. Denktaş refuses to negotiate

Mr. Denktaş insisted that what the Secretary-General had referred to as "documentation" and "outlines" should be signed immediately, with, at the most, the filling in of some dates, and that all the substantial unresolved issues should be relegated to committees.

And for four days, Mr. Denktaş opposed any negotiation on the outstanding issues and paradoxically insisted on the immediate signing of the incomplete documentation which had come out of the proximity talks. President Kyprianou could not of course have signed these incomplete documents. As he indicated later (Press Conference, Nicosia, 26-1-1985):

"You would be the first to criticize me if I signed something and I was not in a position to tell you what I signed. For instance if I signed and you asked me, 'Mr. President on the territorial issue, what did you accept?' my reply would be 'I do not know.'"

And on the same occasion, President Kyprianou explained that there had been progress during the proximity talks, but progress which had not yet led to agreement on crucial issues.

"Because there was no agreement reached regarding the timing of the withdrawal of troops. There was no agreement on that matter because it had not yet been discussed. There was no agreement on the issues of guarantees, the territorial issue and the fundamental freedoms."

Mr. Denktaş's insistence at the high level meeting that the incomplete documentation be signed immediately and all outstanding issues relegated to "working groups" was contrary to one of the provisions in the preliminary draft agreement he wished to sign.

The relevant paragraph of the text indicates that working groups would be set up in the light of political decisions to be agreed upon at the high level meeting so that the details of the agreement may be elaborated. This is an entirely reasonable provision, for what would have been the consequence of relegating to committees important issues such as the question of Turkish troop withdrawal and international guarantees? Well if they had not been solved at a high level meeting they certainly would not have been solved at committee level. They would have remained unsolved, with Cyprus divided, and the Turkish troops continuing to occupy part of Cyprus.

The Secretary-General, after the failure of the high level meeting to reach agreement due to Mr. Denktaş's refusal to negotiate outstanding problems, (Interview to Gordon Martin of the BBC, January 24, 1985) naturally denied that an agreement was available before the parties at the high level meeting. The documentation he had before him, he said, reflected the interests of each side and contained elements which reflected flexibility from both sides.

It must be remembered that the Security Council's mandate was, correctly, for an overall solution to the Cyprus problem. An agreement on certain constitutional issues which could not specify a time-table for the withdrawal of foreign troops from the island, would certainly not have been an overall solution.

Unfortunately, at the high level meeting, the Turkish side, for reasons best known to them, demanded the signing of an incomplete set of documents which had come out of the proximity talks without the slightest change and without any discussion or negotiation. That is why there was no agreement at the high level meeting.

### Conclusions from the meeting

The high level meeting was unfortunately not able to overcome the difficulties and arrive at an agreed comprehensive framework for the solution of the Cyprus problem.

But the fact that the meeting did take place has convincingly demonstrated that with concerted international effort, and the sustained efforts of the Secretary-General of the United Nations, progress is possible.

President Kyprianou stated at the end of the meeting: "We do not regard the effort of the Secretary-General as having ended. On the contrary, we have agreed with him today formally and fully that he should continue and we are at his disposal to do whatever we can on our side."

The Secretary-General himself, at the end of the talks said:

"I believe that in the search for a solution of the Cyprus question the gap has never been so narrow, and there is need to persevere. Accordingly, and as the parties are ready to continue their direct contacts within the framework of the good offices mission entrusted to the Secretary-General, I will remain in touch with both sides with a view to their meeting again at a joint high-level meeting, if possible before the end of February, 1985."

### Prospects

The Greek Cypriot side has every reason to want an early solution of the Cyprus problem. This position has been repeatedly stated by the President of the Republic, the Government of Cyprus and all the major political parties.

President Kyprianou during the New York meetings, proposed the setting up of a high level meeting to deal with the following four fundamental issues:

- a) the withdrawal of non-Cypriot troops;
- b) the territorial aspect;
- c) the question of the three fundamental freedoms;
- d) the question of guarantees.

He has repeatedly stated his readiness to respond to Mr. de Cuellar's invitation to a new high level meeting and to discuss in a constructive spirit the outstanding substantive issues.

It is to be hoped that a similar will be shown by the Turkish side and that it will desist from creating new barriers in the path to an agreement, keeping the way open to a dialogue in a spirit of good will so that a framework can be arrived at as soon as possible for a fair and lasting solution to the Cyprus problem which would put an end to the hardships of all the people of Cyprus and lay the foundations of a peaceful, prosperous state.

The narrowing of the gap already achieved points the way for international efforts during the next few weeks. Progress has been achieved, and the gap has been narrowed in important respects. For those interested in a solution to the Cyprus problem the course is clear. To work on closing the gap on those issues which are still outstanding.

**Prepared by:  
PUBLIC INFORMATION OFFICE  
NICOSIA - CYPRUS**





10



## Fine Lace Of Lefkara Tops List of Handicrafts

LEFKARA — In winter, the lacemakers of Lefkara sit grouped in twos and threes around a stove, chatting as they embroider tablecloths, placemats and napkins in complex, elegant designs that their ancestors learned centuries ago from Venetian ladies.

Lacemaking and silverwork have kept this southern hill village of pastel-blue houses and red-tiled roofs prosperous for as long as anyone can remember. Lefkarans used to travel throughout Europe with suitcases filled with lace for sale. Today, the customers are mostly tourists who are on the lookout for high-quality handicrafts.

Lefkara lace, a combination of cutwork and satin-stitch embroidery, is prized for its natural colors and the rich, intricate texture of its formal motifs. Tradition has it they were developed by the wives of the island's Venetian rulers, who spent their summers in Lefkara in the late Middle Ages.

The government now imports unbleached Irish linen and fine white cotton thread for the lacemakers, women of all ages who learn the skill at home.

"My eyes are still good, so I can work five or six hours a day without difficulty," said Eleni Kapravani, 73, who started embroidering more than 60 years ago.

She was working on a large tablecloth decorated with an elaborate zigzag "river" design that will take more than a year to complete. It will sell for more than \$600. A smaller tablecloth with simpler decoration costs around \$80, while placemats and napkins sell for about \$25 each.

About a dozen silversmiths also



Tourists examine Nicosia copper handicraft.

work in the village, all specialists in producing chased silver trays, censers and filigree-decorated teaspoons and pastry forks, which are traditional wedding presents in Cyprus.

Lefkara lace designs are also used in the filigree work known as *trifourenia*. Thin threads of silver wire are twisted into delicate flower and leaf shapes and then worked into settings of solid silver. Spoons and forks are cast in old-fashioned iron molds.

Cypriot silverwork is reasonably priced, and Nicosia silversmiths also specialize in copies of ancient and Byzantine pottery and metalwork. Gold jewelry is also a good buy since 18-carat gold is available at prices normally paid for 9-carat in Western Europe.

The island's other traditional crafts, rugs and weavings, pottery, leather goods, woodcarving, baskets and copperware, are all displayed and sold at the Ministry of Commerce and Industry's handicraft center in Nicosia.

Visitors can wander through a

dozen workshops set around a flower-filled courtyard where about 50 artisans work or train in different crafts. The center was set up 10 years ago with the aid of the United Nations Development Fund and the International Labor Organization to rescue disappearing crafts and provide work for refugees from the north of Cyprus.

"At that time, the center filled both a practical and a psychological need to keep people occupied and preserve crafts from their homes in the north. Now we also research folk arts and find ways of adapting traditional crafts to contemporary life," Pangraios Hadjiheodoulou, the center's administrator, said.

Woven cushion covers, curtains and bedspreads in brilliant striped reds and bright bands of yellow white and green are based on traditional designs from northern Cyprus.

From the south come the *paphos* embroidery, striking geometric patterns in bright colors woven on the loom on white cotton fabric.

Last year, a new showcase for Cypriot handicrafts opened with the Laiki Yitonia (literally folk neighborhood), a two-block pedestrian area within the old walled city of Nicosia. Traditional two-story houses with dark wooden balconies and shutters have been restored as handicraft shops and centers, cafes and taverns. Artisans can also be watched at work there, from lacemakers to an icon painter and mosaicist.

And not to be forgotten are the Cyprus tailors, skilled craftsmen of a different kind who can make a classic three-piece suit in imported English fabric in just 72 hours.

— KERIN HOPE

## Moving Mountains to Get In on the Potato Boom

(Continued From Page 7)

Turkish Cypriot sector, and agricultural produce received the same preferential treatment as Greek Cypriot exports. A Greek Cypriot campaign in Brussels brought stricter application of the rules, but Turkish Cypriot farm exports still find their way into the community, often via Turkey.

Agricultural produce is one of the island's few indigenous raw materials, and its high added value makes the sector important for both communities.

Farming contributes 11 percent of gross domestic product in the south and 34 percent of export earnings. More than 60 percent of agricultural exports go to EC countries and the remainder to the Eastern bloc and Arab states.

Citrus earnings totaled about \$20.25 million in 1983 and exports of table grapes, which reach the British and West German markets several weeks earlier than Italian and French produce, brought about \$5.1 million. Wines and spirits — mostly sold in bulk to the Soviet Union — raisins and grape must earned \$25.8 million.

In the north, the farm sector accounts for 18 percent of gross domestic product and 78 percent of exports, with most going to the EC, Turkey and the Arab countries.

Agricultural earnings from citrus and potatoes and sales of live sheep and goats totaled \$15 million last year. Turkish Cypriot farmers, who introduced vines to the north eight years ago, also exported 300 tons of table grapes last year for the first time. But in both sides of the island, development of water supplies for irrigation remains the key to boosting agricultural development. In the north, where 60 percent of residents are full-time farmers, the focus has been on recovering dried-out citrus groves



Agriculture is important to both communities.

in the Morphou and Famagusta areas with aid from Turkey.

In the south, where farmers make up just 20 percent of the labor force and two-thirds of them work the land on a part-time basis, sophisticated irrigation projects have increased production of bananas and avocados and encouraged experiments with exotic varieties like kiwi and passion fruit and mangoes. But slow progress toward a long-promised customs union with the EC makes the outlook uncertain for Greek Cypriot agriculture, while Spanish and Portuguese accession will affect both potato and citrus exports to the community.

"It's very difficult to plan at present; we're in a vacuum because of the situation in Brussels. We fight hard for our quotas but what comes next is guesswork," Mr. Papasolomonos said.

Greek Cypriot officials blame the island's political problems for the delay. But they also suspect that the European Commission fears that a customs union with Cyprus may set an awkward preced-

ent for future relationships with other Mediterranean countries.

Meanwhile, two major irrigation plans, the \$30-million Paphos project in the south and the \$15-million Pitsilia project on the southern slopes of the Troodos mountain range, have been completed, bringing an additional 6,500 hectares (16,000 acres) under cultivation. A third project, the Vasilikos-Pendaskinos development, near Limassol and due for completion this year at a cost of \$30 million, will irrigate another 1,300 hectares.

In the dry stony mountains of the Pitsilia region, 1,730 hectares have been cleared in terraces where vegetables now sprout between knee-high mandarin trees, each irrigated automatically by an individual sprinkler. Water is pumped from 19 artificial ponds scattered around the district.

The project, assisted by the World Bank, has given the area a new lease on life.

"Farmers are planting new varieties of vine, experimenting with potato growing and introducing cherries up here; the flight to the towns has stopped," Demos Pis-

sourios, the district agricultural officer, said.

The Chrysochou project now under way will open up another 4,000 hectares for irrigation. The biggest development of all, the Southern Conveyor project, will be ready by the end of the century.

It will bring water from the Troodos to the red-soil potato-growing villages in the east, where salinization has damaged the existing irrigation network. In an unusual barter deal, the Soviet Union has offered to provide pipes, pumps and expertise for the project in return for vine products. In the north, the Turkish government has contributed \$16 million and technical assistance for the Morphou irrigation project to divert water to the region's citrus groves. The project is now two-thirds completed.

Now that vines imported from the south have reached maturity, Turkish Cypriot growers look forward to producing wine in northern Cyprus for the first time.

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## CYPRUS TELECOMMUNICATIONS AUTHORITY (CY.T.A.)

P.O.B. 4929, NICOSIA - CYPRUS

The Cyprus Telecommunications Authority is a Public Corporation responsible for the provision, maintenance and development of a comprehensive telecommunications service both local and overseas.

The Authority's development, seriously impaired because of the heavy capital and revenue losses sustained as a result of the 1974 Turkish Invasion (1/3 of the Authority's installations are in areas still under the control of the invader), evidenced a miraculous recovery and the following services are now provided:

1. 24-hour inland and overseas automatic telephone, telegraph and telex service.
2. 24-hour telegraph, radio telephone and telex service with ships at sea.
3. Telecommunication service with aircraft within the Cyprus Flight Information Region.
4. Phototelegraph service.
5. Telefax.
6. Datel.

Cyprus Telecommunications Authority occupies an enviable position among the countries with the biggest number of ISD countries connected onto their telephone system. At present eighty five (85) countries are connected on the Authority's ISD service and more than 95% of the world's telephones can be reached from Cyprus automatically.

One hundred and ninety seven (197) countries can be contacted by telex automatically and the rest of the world, where this service exists, via the operators.

The Satellite Earth Station "MAKARIOS", with an antenna towards the Atlantic Ocean, has been operating satisfactorily since April 1980 and a further improvement of the international network is the introduction of a satellite via the Indian Ocean Region in 1982 with a Standard B. Antenna. The new Satellite is operating as from October, 1982.

Another Cyprus-Greece submarine Cable System, APOLLO, of 1,380 channel capacity has been operational since the end of 1981, thus increasing substantially the Authority's number of international telephone and telex channels via cable. This is in addition to the "APHRODITE" and "ADONIS" Cable systems of 480 channels each operating already with Greece and Lebanon respectively.

Full telecommunication service to all rural areas in the island will be provided within the next three years.

The Authority keeps abreast with technical progress so that it can give to the general public a modern and efficient service.

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11 3/4% Notes due February 15, 1990

U.S. \$100,000,000  
12% Notes due February 15, 1995

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Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Commerzbank Aktiengesellschaft

Banque Nationale de Paris

County Bank Limited

Credit Suisse First Boston Limited

Merrill Lynch Capital Markets

Samuel Montagu & Co. Limited

Morgan Guaranty Ltd

Morgan Stanley International

Salomon Brothers International Limited

Société Générale de Banque S.A.

Sumitomo Finance International

January, 1985

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U.S. \$125,000,000

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February, 1985

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All figures

### Stock Indexes

#### United States

	Last Wk.	Prev. Wk.
DJ Index	1,275.84	1,282
DJ 100	147.67	150
DJ Trans.	425.11	429
S&P 100	176.02	177
S&P 500	179.37	181
NYSE Comp.	104.01	105

Data from Providence Rhode Securities

#### Britain

	N.A.	12M
FTSE 100	975.20	981

#### Hong Kong

	Last Wk.	Prev. Wk.
Hong Kong	1,435.17	1,465

#### Japan

	Last Wk.	Prev. Wk.
Nikkei DJ	12,147.06	12,148

#### West Germany

	Last Wk.	Prev. Wk.
Commerzbank	1,176.30	1,182

New U.S. indexes from James Canal & Co.

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4 P.M.

	\$	¢
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Amsterdam 3,322 4,125

Brussels 68,0425 73,257

Frankfurt 3.28 3,645

London (B) 1,0765 2,264.80

Paris 1,064.30 1,075

New York (C) 1,075

Porto 10,238 11,132

Tokyo 281,375 284,39

Zurich 2,856 3,2673

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100 Commercial franc (B) Amounts

Units of 100 (A) Units of 100 (V) Un

N.A.: not quoted; N.A.: not available

Source: Bureau de Banques (B)

New York: Bureau de

Internationale d'Investissement



EUROBONDS

Surprisingly Short Life  
For New Mini-Max Floaters

By CARL GEWIRTZ  
International Herald Tribune

PARIS — Fads come and go. But even by Eurobond market standards, where the pace of change is hectic, the popularity of the mini-max floater initiated last week had a startlingly short life.

By Friday, the four issues were trading at substantial discounts — indicating extreme market disfavor with the concept.

Mini-max is so called because it corrects the interest cost of the borrower between a minimum (10 percent for Denmark, Commerzbank and Swedish Export Credit; 10 1/2 percent for Christiana Bank) and a maximum charge (11 1/2 percent for Christiana, 11 3/4 percent for Swedish Export and 11 1/2 percent for Denmark and Commerzbank).

At the launch, the minimum coupon represented a theoretical gain for investors: The London interbank offered rate was 9 1/2 percent and the margins to be paid by the borrowers — ranging from 1/4 to 1/2 point over Libor — would have indicated a coupon of less than 10 percent had there been no minimum.

The coupons in fact will not be set for some weeks. And in the meantime Libor has drifted higher, closing the week at 9-15/16 percent. At that rate, of course, the 10-percent minimum is of no appeal as the initial coupon (except for Christiana) would have to be set over 10 percent.

Beyond the ups and downs of short-term interest rates, there was widespread criticism of the concept.

While the relatively high minimum coupon generates some enthusiasm (the standard minimum on traditional floating-rate notes is 5 1/4 percent), it is not enough to off set the drawback of the maximum rate. Critics argue that any investor willing to accept the possibility of getting locked into the maximum coupon if interest rates soar would do better to buy the outstanding fixed-coupon bonds of these borrowers (except Christiana which has only tapped the FRN sector). Their paper could currently be bought for yields close to or exceeding the guaranteed maximum on the FRNs.

The essential criticism is that the mini-max is neither an FRN nor a fixed-rate bond. It does not appeal to FRN buyers — largely banks — who want the assured comfort of knowing they will earn a fixed margin over Libor, which floats up or down in relation to their own funding costs of Libor (the interbank bid rate).

AND it does not appeal to fixed-income investors who currently would be asked to accept a yield of just over 10 percent from borrowers who should pay much more than that for fixed-rate money.

The criticism might have been less vocal if short-term interest rates had not risen as much as they did last week — if the minimum coupon would have represented a comfortable gain over what a normal FRN would pay.

But that was not the case. Bond markets last week heard Paul A. Volcker, the Federal Reserve Board chairman, tell Congress that policy was currently neutral, aiming neither to lower rates nor to raise them. This was not news; it confirmed what the market had already interpreted from the Fed's actions.

But that was followed by news of a one-percentage-point increase in the fourth-quarter rate of economic expansion, now put at a 4.9 percent annual rate. The size of the revision was a surprise.

Markets read that as meaning the Fed would be under no pressure to lower interest rates, that the business expansion was in no danger of stumbling and that there was only one direction for Fed policy to change — namely less accommodation.

"Money (supply) growth is pushing ahead vigorously with M-1 increasing at an annual rate of 9 percent in January and perhaps more than 10 percent in February," said Henry Kaufman, the noted Salomon Brothers economist. He added: "There is no known law of monetary economics that would suggest that money and credit growth will subside on its own account, particularly given the huge financing needs of the U.S. Treasury and the enlarged credit demands from the private sector that will be associated with real growth of 5 percent, or perhaps higher, in several of the next few quarters."

This widely shared outlook cast a pall over bond markets as (Continued on Page 15, Col. 2)

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Last Wk.	Prev. Wk.	% Chg.
DJ Industrials	1,255.84	1,282.02	-0.48
DJ Utilities	146.57	150.85	-0.78
DJ Trans.	625.11	629.21	-0.65
S & P 500	174.02	177.95	-1.08
S & P 900	179.37	181.60	-1.23
NVSE Co.	104.01	105.27	-1.25

Source: Standard & Poor's

Britain	Last Wk.	Prev. Wk.	% Chg.
FTSE 100	N.A.	1,281.40	—
FT 30	975.20	981.10	-0.61

Source: Reuters

Hong Kong	Last Wk.	Prev. Wk.	% Chg.
Hong Seng	1,625.17	1,605.93	+2.04

Source: Reuters

Japan	Last Wk.	Prev. Wk.	% Chg.
Nikkei DJ	12,147.36	12,148.29	-0.01

Source: Reuters

West Germany	Last Wk.	Prev. Wk.	% Chg.
Commerzbank	1,774.30	1,762.60	+1.16

Source: Reuters

Money Rates

United States	Last Wk.	Prev. Wk.	% Chg.
Discount rate	8	8	—
Federal funds rate	8.50	8.50	—
Prime rate	10.50	10.50	—

Source: Federal Reserve

Japan	Last Wk.	Prev. Wk.	% Chg.
Discount	5	5	—
Call money	6 1/2	6 1/2	—
30-day interbank	6 1/2	6 1/2	—

Source: Reuters

West Germany	Last Wk.	Prev. Wk.	% Chg.
Overnight	6	6	—
1-month interbank	5 1/2	5 1/2	—

Source: Reuters

Britain	Last Wk.	Prev. Wk.	% Chg.
Bank base rate	14	14	—
Call money	14 1/4	14 1/4	—
3-month interbank	14 1/4	14 1/4	—

Source: Reuters

Dollar	Last Wk.	Prev. Wk.	% Chg.
30-day interbank	150	150	—

Source: Reuters

Gold	Last Wk.	Prev. Wk.	% Chg.
London Bullion	298.40	298.40	—

Source: Reuters

Currency Rates

Official findings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates at 4 P.M.

	\$	£	D.M.	F.F.	Y.	S.F.	S.P.	Y.
Amsterdam	3.602	4.125	113.24	37.04	0.1619	5.637	124.39	145.95
Brussels	46.0425	23.575	20.12	4.818	2.235	17.205	—	25.92
Frankfurt	3.36	2.445	—	32.71	1.065	88.25	118.64	1.288
London	1.0745	—	3.602	11.343	2.0715	4.53	78.2	20.76
Milan	2,165.30	2,364.80	622.75	202.96	—	528.16	30.99	72.26
New York	—	1.075	3.2925	10.37	2.1210	3.8415	68.21	2.857
Paris	16.358	11.132	3.602	4.904	2.2985	15.995	—	3.225
Tokyo	262.25	264.39	77.59	25.82	12.40	48.76	30.25	92.62
Zurich	2.856	3.0673	84.275	27.575	0.1335	74.345	4.1875	—
1 ECU	0.6573	0.6114	2.2258	0.626	1.28616	2.222	44.722	1.871
1 SDR	0.953802	0.8845	3.22385	9.8601	2.67835	3.655	64.891	2.7164

Dollar Values

	\$	£	D.M.	F.F.	Y.	S.F.	S.P.	Y.
Spain	165.8	165.8	—	—	—	—	—	—
Australia	1.7174	0.729	17.81	—	—	—	—	—
Austria	23.8	0.014	18.81	—	—	—	—	—
Belgium	33.1	2.231	11.343	—	—	—	—	—
Canada	0.721	1.387	4.818	—	—	—	—	—
Denmark	6.824	6.824	—	—	—	—	—	—
France	6.575	6.575	—	—	—	—	—	—
Finland	125.20	125.20	—	—	—	—	—	—
Germany	3.36	3.36	—	—	—	—	—	—
Greece	1.371	1.371	—	—	—	—	—	—

Algeria,  
Spain End  
Gas Rift

Madrid to Pay  
Compensation

Reuters

PARIS — Spain has signed a 23-year agreement to resume purchases of Algerian liquefied natural gas, ending a four-year price dispute in which deliveries had been suspended, the Algerian News Agency said Sunday.

Value of the accord, signed in Algiers on Saturday, was not disclosed. But Spanish sources said Madrid had agreed to pay \$3.84 per million British thermal units, about \$1 more than it was paying under the original contract, but well below the \$5 to \$5.50 that Algeria had originally been seeking.

In addition, Spain agreed to pay Algeria for its failure to take delivery of the 4.5 billion cubic meters (157.5 billion cubic feet) of gas a year provided for by the original contract.

The agency did not say how much compensation Spain would pay, but diplomatic sources put the figure at \$500 million. Algeria also granted a six-year grace period during which Spain would increase gas imports to 3.8 billion cubic meters.

Because its distribution network could not absorb all the gas and because of a decline in demand, Spain took only 1.3 billion cubic meters a year, Spanish sources said.

Several countries, including Italy, France and the United States, suspended or cancelled outright purchases of Algeria's natural gas when it sought to force up the price to rough parity, in terms of BTU content, with crude oil. But Algeria lost much of its leverage in Europe when the Soviet Union emerged as a huge new supplier, and most of the disputes have been settled.

Volvo Buying Iranian Oil

AB Volvo's oil trading subsidiary, Scandinavian Trading Co., has agreed to buy \$250 million worth of oil from Iran in 1985, Reuters reported Sunday from Stockholm.

Scandinavian Trading's managing director, Jan Danielsson, said the company would resell the oil to the highest bidder but did not disclose the price per barrel agreed to in the purchase.

A finance ministry official said Iranian oil sales to Sweden would total \$400 million in 1985.

7 Firms Acquire Stake in Dainichi Kiko

Reuters

TOKYO — Seven foreign companies have acquired a total of 160,000 shares, valued at 4.36 billion yen (\$16.6 million), in Dainichi Kiko Corp., a Japanese manufacturer of industrial robots, a company spokesman said Sunday.

The companies include Baring International Investment Management Ltd., with 40,000 shares, Royal Bank of Scotland PLC, with 30,000 shares, and Phillips & Drew, with 20,000 shares, the spokesman said. He did not identify the other four companies.

The transaction continues a trend of foreign companies acquiring interests in the Japanese robot industry.

Orders Rise  
For U.S.-Made  
Factory Tools

New York Times Service

NEW YORK — Orders for U.S.-made machine tools, a closely watched indicator of economic health, rose 12.1 percent in January from a year ago, the industry's trade association said Sunday.

But the National Association of Machine Tool Builders added that the net orders for January of \$211.9 million represented a 17 percent drop from December's levels.

"January is usually a slow month because manufacturers are reluctant to make big outlays at the beginning of the year," said Christine Chien, an analyst with Prudential-Bache Securities Inc. "December is usually strong because people want to use up their budgets."

Analysts said they were still predicting a steady rise this year in orders for the tools, power-driven machinery that cuts or shapes metal, with improvement in the automobile and military industries responsible for most new orders.

Chien said she expected orders for metal-cutting tools, which make up about two-thirds of the industry, to climb 30 percent.

James A. Gray, president of the tool builder's association, said, "Although we lost about one-quarter of our industry in the last few years, the machine-tool industry continues to restructure and rebuild itself from a very modest base."

The industry has been battered by foreign competition and is recovering from record depressed levels in 1983.

"Foreign competition continues to be a major factor, garnering 50 percent of the market in some sectors," said Richard Rossi, an analyst with Merrill Lynch & Co.

Shipments for January totaled \$137.8 million, up 22 percent over January of last year, but down 50 percent from December.

Chesebrough Move Raises Eyebrows

Stauffer Merger  
Seen as Bid to  
Avert Takeover

By Daniel F. Cuff  
New York Times Service

NEW YORK — Chesebrough-Pond's Inc. is one of the few companies that get high marks on Wall Street for exceptional skill in making acquisitions. But not so with its latest maneuver.

For decades, Chesebrough-Pond's manufactured and marketed such stalwart products as Vaseline petroleum jelly, Pond's cold cream and other home-care and cosmetic products. Then, some 15 years ago, the company started to add such items as spaghetti sauce, tennis racquets, shoes and children's clothes.

Disparate though they were, they were part of a grand strategy that made good economic sense. The acquisition strategy, according to analysts, was to buy what Chesebrough-Pond's considered undermarketed brands and expand them.

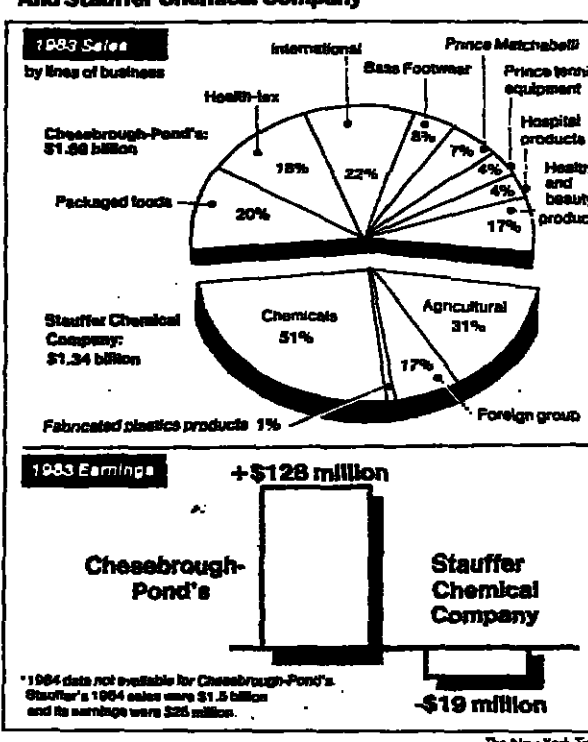
Ragu spaghetti sauce, for example, was a regional brand made in Rochester, New York, when Chesebrough-Pond's took it over in 1969 for \$44 million. Chesebrough-Pond's marketed the sauce skillfully across the United States.

In the first nine months of last year, the company sold \$250 million worth of Ragu.

The diversification strategy allowed Chesebrough-Pond's, based in Greenwich, Connecticut, to continue its enviable record of earnings and dividend growth. Until things soured last year, it had reported 28 consecutive years of increasing profit.

Now, Chesebrough says it plans to add the Stauffer Chemical Co., but as Wall Street sees it, the proposed acquisition does

Combined Sales and Earnings of Chesebrough-Pond's  
And Stauffer Chemical Company



not mesh with the company's prior strategy.

Analysts size up the Stauffer move as a transparent attempt by Chesebrough to protect itself from being taken over. Analysts said there appeared to be few business opportunities in the proposed \$1.25-billion link between Stauffer's chemical operations and Chesebrough's branded products business.

The latest move comes while the company is still under the stewardship of its acquisition strategist, Ralph E. Ward, chairman and chief executive. It was Mr. Ward who caused consternation in the board room when he bought Ragu 16 years ago and

pitted the company against such food giants as H.J. Heinz Co., Campbell Soup Co. and Hunt-Wesson.

But Mr. Ward made it work and he went on to apply some of the same principles in the acquisition of Health-Tex children's clothing, Bass shoes and Prince tennis racquets.

All these products were an odd fit with the company's 80-year-old Pond's cold cream and its Vaseline petroleum jelly, which goes back 115 years. But they had one thing in common: a strong brand name.

So Chesebrough-Pond's became a highly diversified, con-

(Continued on Page 15, Col. 1)

Bank of Boston  
Warned of Law,  
U.S. Official Says

By James Sterngold  
New York Times Service

NEW YORK — First National Bank of Boston, which has maintained that it was not aware until last year of a 1980 law requiring it to report international currency transactions, was the subject of an extensive examination in 1982 by the Comptroller of the Currency that concentrated on its large cash transfers, the government's chief bank examiner says.

In addition, the bank received at least four notifications from the Comptroller between 1980 and 1984 that the law requiring the reports to the government had been tightened, banking officials said.

The law, known as the Bank Secrecy Act, was enacted in 1970 to help the government trace money laundered by organized crime.

Two weeks ago, the bank pleaded guilty to a felony charge of having failed to properly report \$1.22 billion in international currency transactions, mostly with Swiss banks, from July 1980 to September 1984. It was fined \$500,000, the maximum for the offense.

At a news conference on Feb. 11, bank officials maintained that the reason the reports were not filed with the Internal Revenue Service was because, when the changes were published in the Federal Register, they were not noticed by bank officers. The bank on Friday again said it had simply missed the changes.

But officials in the comptroller's office, which regulates nationally chartered banks, said that four notifications of the changes were sent to the Bank of Boston and other national banks.

All the notices were addressed to



William L. Brown.

the bank's chief executive, William L. Brown.

In addition, the comptroller's office received a recommendation from the Treasury Department in 1982 to perform an extended examination of the bank. John F. Downey, chief national bank examiner, said in Washington. The comptroller was asked to look at compliance with the laws requiring reports of large cash transactions, both domestic and international.

That examination took place from September to November 1982, Mr. Downey said.

He said that by taking special note of the Bank of Boston's currency transactions, "it was a clear signal to them that we were interested in this area." Still, the bank did not file the currency transaction reports for the international transactions.

A Dizzying Slide Carries Canada's Dollar Toward 70 Cents

Compiled by Our Staff From Dispatches

TORONTO — The Canadian dollar dropped so low last week that newspaper cartoonists began poking fun at the beleaguered currency.

"Buckingham Palace is on the phone," Finance Minister Michael Wilson tells Prime Minister Brian Mulroney in an editorial cartoon in The Globe and Mail. "The Queen wants her face removed from the dollar."

Indeed, the value of the currency fell so quickly last week that money traders and exchange dealers speculated that Canada could be headed for a dollar worth 70 U.S.

cents by the end of this week, although at least one dealer disagreed.

"I would hazard a guess that around 72 cents is the bottom," said Rod Fowler, foreign exchange manager at Wood Gundy Ltd.

One trader described it as the worst week ever for the Canadian dollar, in terms of rapidity of decline.

The currency opened the week at 74.65 cents and fell to as low as 71.78 Friday before settling in late trading at 72.1 cents.

"The U.S. dollar has been rising against all the world's currencies," said Barry Davenport, a vice president of the Bank of Montreal. "What we've got is a super U.S. dollar."

Evidence of mounting concern over the Canadian dollar was the widening of quote spreads, analysts said. The normal bid-and-offer spread for the currency is about three points, but during trading Friday it soared to 20 points, dealers noted.

On Thursday, the Bank of Canada pegged its key rate at 10.95 percent, up from 10.48 percent a week earlier.

Earlier in the week, Mr. Wilson was forced to borrow \$500 million from international bankers to add to the government's reserve to buy Canadian currency.

But one analyst said, "Foreign speculators still detect a lack of sufficient resolve on the

part of Ottawa to defend the dollar at current levels."

Some dealers also said the Canadian dollar's run may have been exacerbated last week from effects of the sale of 495 million dollars of shares in Texaco Canada Inc.

The sale, the largest stock sale in Canadian history, involved 14 million shares by Texaco Canada's U.S. parent, Texaco Inc., as part of a transaction that will allow it to take over another Canadian oil company.

The Canadian dollar has been falling since November 1976, when it took 97 Canadian cents to get \$1 on the spot market. (UPI, Reuters)

NEW ISSUE

February 1985



KLM Royal Dutch Airlines

(Koninklijke Luchtvaart Maatschappij N.V.)

At present 55.4% held by the State of the Netherlands

Swiss Francs 200,000,000

6 1/8% Subordinated Bonds 1985 ff

Life: until the liquidation of KLM Royal Dutch Airlines

6 1/8% interest, payable annually in arrears, for a first period

of ten years from February 12, 1985 to February 12, 1995.

Afterwards, the rate will be adjusted for each subsequent ten year period.

Kredietbank (Suisse) S.A. Nordfinanz-Bank Zürich

Clariden Bank  
Amro Bank und Finanz

Armand von Ernst & Cie AG  
Banco di Roma per la Svizzera  
Banque Générale du Luxembourg (Suisse) S.A.  
Banque Indosuez, Succursales de Suisse  
Banque Morgan Grenfell en Suisse S.A.  
Caisse d'Epargne du Valais

Lloyds Bank International Ltd.  
Banque CIAL (Schweiz)  
-Crédit Industriel d'Alsace et de Lorraine AG-

Fuji Bank (Schweiz) AG  
Gewerbepark Baden  
Handelsbank Midland Bank  
Hypothekar- und Handelsbank Winterthur  
Maerki, Baumann & Co. AG  
Sparkasse Schwyz

Algemeine Bank Nederland (Schweiz)  
Soditric S.A.  
BA Finance (Suisse) S.A.  
Banca del Gottardo  
Bank in Liechtenstein Aktiengesellschaft  
Bank of Tokyo (Schweiz) AG  
Bank Oppenheim Pierson (Schweiz) AG  
Banque Gutzwiller, Kurz, Bungeger S.A.  
Banque Scandinave en Suisse  
Barclays Bank (Suisse) S.A.  
Chase Manhattan Bank (Switzerland)

Citicorp Bank (Switzerland)  
Crédit Commercial de France (Suisse) S.A.  
First Chicago S.A.  
Manufacturers Hanover (Suisse) S.A.  
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## New Eurobond Issues

Issuer	Amount (millions)	Mat.	Coup. %	Price	Terms
<b>FLOATING RATE NOTES</b>					
Canadian Imperial Bank of Commerce	\$200	2005	linean	100	99.75 Interest pegged to average of bid and offered rates for 6-month Eurodollars, reset monthly. Callable in 1986 at par and redeemable in 1992 and 2000. Fees 0.25%. Denominations \$10,000.
Christiana Bank	\$100	1995	3/4	100	98 Over 6-month Libor. Minimum coupon 10% and maximum 11%. Noncallable. \$75 million issued now and \$25 million reserved for 6-month top. Fees 0.49%. Denominations \$10,000. Payable May 15.
Commerzbank Overseas Finance	\$100	1995	3/4	100	98.75 Over 6-month Libor. Minimum coupon 10% and maximum 11%. Noncallable. Fees 0.50%. Payable May 15.
Denmark	\$250	1995	3 1/2	100	98.80 Over 6-month Libor. Minimum coupon 10% and maximum 11%. Noncallable. Fees 0.50%. Denominations \$10,000.
Electricité de France	\$300	1997	libd	100	99.60 Interest pegged to the bid rate for 6-month Eurodollars, reset monthly. Callable at par in 1986. Each \$10,000 note with 10 coupons. Hedges out to 20 years as to exchange rate. Feb. 1986 a \$10,000 note for 96% ex-denominated bonds of 1995. Exchange rate to be set Feb. 27. Ecu bonds first callable at 100% in 1992, and at 103 if less than 10 million new worth of bonds is issued. Warrants priced at \$14 each, finished the week at \$12.5. Fees 0.45%.
Kemira Oy	\$75	1995	3/4	100	99.95 Over 6-month Libor. Callable in 1987 at par. Additional \$25 million reserved for a 1-year top. Fees 0.55%. Denominations \$10,000.
Spain	\$375	2005	libor	100	99.80 Interest pegged to the offered rate for 6-month Eurodollars, reset monthly. Callable at par in 1986. Fees 0.10%. Denominations \$10,000.
Swedish Export Credit	\$125	1992	3/4	100	98.90 Over 6-month Libor. Minimum coupon 10% and maximum 11%. Noncallable. Fees 0.40%. Denominations \$10,000.
<b>FIXED-COUPON</b>					
Engelhard	\$100	1992	11 1/2	99 1/2	96.88 Callable at 101 in 1990.
Copenhagen Telephone	ECU 30	1995	10 1/4	100	— Selling fund to start in 1990 to produce an 8 yr average life.
Euratom	ECU 50	1997	10	100	98.25 Callable at 101 1/2 in 1994. Selling fund to start operating in 1993 to produce a 10-yr average life.
Pechiney	ECU 50	1990	10	100	98.25 Noncallable.
EJB	CS 75	1992	12	100 1/4	98.38 Noncallable. Payable May 29.
BP Overseas Finance	¥ 17,000	1992	7	100	98 Noncallable.
NZI Overseas Finance	NZ\$ 25	1992	15 1/2	99 1/2	— Redeemable at par in 1990.
<b>EQUITY-LINKED</b>					
Kao	\$70	2000	3	100	97 Semiannually. Callable at 104 in 1988. Convertible at \$61 per share and at \$22.60 per dollar.
Onoda Cement	\$35	1990	open	100	99 Coupon indicated at 8%. Noncallable. Each \$5,000 note with one warrant exercisable into shares at an anticipated 25% premium. Terms to be set Feb. 27.
Honda Motor	DM 200	1990	open	100	99 Coupon indicated at 3%. Noncallable. Each 5,000-yen note with one warrant exercisable into shares at an anticipated 25% premium. Terms to be set Feb. 28.
Honda Motor	DM 100	1990	open	100	99 Coupon indicated at 3%. Noncallable. Each 10,000-yen note with two warrants exercisable into shares at an anticipated 25% premium. Terms to be set Feb. 27.

## Phillips Sets New Deadline For Voting

**BARTLESVILLE, Oklahoma**—Phillips Petroleum Co. officials, apparently unable to assemble enough shareholder votes to pass their disputed plan to recapitalize the company, have extended the deadline for shareholder balloting until Wednesday.

The voting was first extended until Saturday, but Phillips delayed it again late Friday because of developments in a court case in Delaware, where it is incorporated.

A company spokesman, speaking after the stockholder meeting Friday at which the results were to have been announced, said Phillips would use the extra time to lobby more shareholders to vote for the proposal.

Phillips needs about 78 million shareholder votes to pass the proposal, and there have been reports that the company is several million votes shy of that. Several large shareholders have said they would vote against the proposal.

Reportedly, Phillips was shocked by the decision of Capital Guardian Trust Co. of Los Angeles—which holds about 3 percent, or more than 4 million shares, of Phillips stock—to switch its vote against management.

At the stockholder meeting, many speakers expressed fears that without the \$3-billion recapitalization plan, Phillips would be taken over and broken up by the New York financier, Carl C. Icahn, who is offering \$60 a share for about half the company.

A spokesman for Mr. Icahn, who owns slightly less than 5 percent of Phillips, told the 5,000 shareholders at the meeting, "We are not against Phillips. What we are against is the recapitalization."

Under the plan, Phillips' shareholders would receive 38 percent of the shares, \$3.32 market value in a new preferred stock for each common share following recapitalization, and \$50 cash per common share in a self-tender offer.

## NASDAQ National Market

Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close 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Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in 100s High Low Close Net					Sales in				
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Provided by Credit Suisse First Boston Securities, London. Tel.: 01-623-1277

Prices may vary according to market conditions and other factors

[illegible]

**For the Week Ending Feb. 22, 1985**

Ant.	Securty	% Mat.	Mkt. Price	% Conv. Period	Conv. Price a/b	Cur. Conv. Yld. 30%
EUROPE						
30	Acco Ag	9%	95	Jan 80	13.50	5.76
31	Acco Ag	9%	95	Jan 80	13.50	5.76
32	Acco Ag	9%	95	Jan 80	13.50	5.76
33	Acco Ag	9%	95	Jan 80	13.50	5.76
34	Acco Ag	9%	95	Jan 80	13.50	5.76
35	Acco Ag	9%	95	Jan 80	13.50	5.76
36	Acco Ag	9%	95	Jan 80	13.50	5.76
37	Acco Ag	9%	95	Jan 80	13.50	5.76
38	Acco Ag	9%	95	Jan 80	13.50	5.76
39	Acco Ag	9%	95	Jan 80	13.50	5.76
40	Acco Ag	9%	95	Jan 80	13.50	5.76
41	Acco Ag	9%	95	Jan 80	13.50	5.76
42	Acco Ag	9%	95	Jan 80	13.50	5.76
43	Acco Ag	9%	95	Jan 80	13.50	5.76
44	Acco Ag	9%	95	Jan 80	13.50	5.76
45	Acco Ag	9%	95	Jan 80	13.50	5.76
46	Acco Ag	9%	95	Jan 80	13.50	5.76
47	Acco Ag	9%	95	Jan 80	13.50	5.76
48	Acco Ag	9%	95	Jan 80	13.50	5.76
49	Acco Ag	9%	95	Jan 80	13.50	5.76
50	Acco Ag	9%	95	Jan 80	13.50	5.76
51	Acco Ag	9%	95	Jan 80	13.50	5.76
52	Acco Ag	9%	95	Jan 80	13.50	5.76
53	Acco Ag	9%	95	Jan 80	13.50	5.76
54	Acco Ag	9%	95	Jan 80	13.50	5.76
55	Acco Ag	9%	95	Jan 80	13.50	5.76
56	Acco Ag	9%	95	Jan 80	13.50	5.76
57	Acco Ag	9%	95	Jan 80	13.50	5.76
58	Acco Ag	9%	95	Jan 80	13.50	5.76
59	Acco Ag	9%	95	Jan 80	13.50	5.76
60	Acco Ag	9%	95	Jan 80	13.50	5.76
61	Acco Ag	9%	95	Jan 80	13.50	5.76
62	Acco Ag	9%	95	Jan 80	13.50	5.76
63	Acco Ag	9%	95	Jan 80	13.50	5.76
64	Acco Ag	9%	95	Jan 80	13.50	5.76
65	Acco Ag	9%	95	Jan 80	13.50	5.76
66	Acco Ag	9%	95	Jan 80	13.50	5.76
67	Acco Ag	9%	95	Jan 80	13.50	5.76
68	Acco Ag	9%	95	Jan 80	13.50	5.76
69	Acco Ag	9%	95	Jan 80	13.50	5.76
70	Acco Ag	9%	95	Jan 80	13.50	5.76
71	Acco Ag	9%	95	Jan 80	13.50	5.76
72	Acco Ag	9%	95	Jan 80	13.50	5.76
73	Acco Ag	9%	95	Jan 80	13.50	5.76
74	Acco Ag	9%	95	Jan 80	13.50	5.76
75	Acco Ag	9%	95	Jan 80	13.50	5.76
76	Acco Ag	9%	95	Jan 80	13.50	5.76
77	Acco Ag	9%	95	Jan 80	13.50	5.76
78	Acco Ag	9%	95	Jan 80	13.50	5.76
79	Acco Ag	9%	95	Jan 80	13.50	5.76
80	Acco Ag	9%	95	Jan 80	13.50	5.76
81	Acco Ag	9%	95	Jan 80	13.50	5.76
82	Acco Ag	9%	95	Jan 80	13.50	5.76
83	Acco Ag	9%	95	Jan 80	13.50	5.76
84	Acco Ag	9%	95	Jan 80	13.50	5.76
85	Acco Ag	9%	95	Jan 80	13.50	5.76
86	Acco Ag	9%	95	Jan 80	13.50	5.76
87	Acco Ag	9%	95	Jan 80	13.50	5.76
88	Acco Ag	9%	95	Jan 80	13.50	5.76
89	Acco Ag	9%	95	Jan 80	13.50	5.76
90	Acco Ag	9%	95	Jan 80	13.50	5.76
91	Acco Ag	9%	95	Jan 80	13.50	5.76
92	Acco Ag	9%	95	Jan 80	13.50	5.76
93	Acco Ag	9%	95	Jan 80	13.50	5.76
94	Acco Ag	9%	95	Jan 80	13.50	5.76
95	Acco Ag	9%	95	Jan 80	13.50	5.76
96	Acco Ag	9%	95	Jan 80	13.50	5.76
97	Acco Ag	9%	95	Jan 80	13.50	5.76
98	Acco Ag	9%	95	Jan 80	13.50	5.76
99	Acco Ag	9%	95	Jan 80	13.50	5.76
100	Acco Ag	9%	95	Jan 80	13.50	5.76
101	Acco Ag	9%	95	Jan 80	13.50	5.76
102	Acco Ag	9%	95	Jan 80	13.50	5.76
103	Acco Ag	9%	95	Jan 80	13.50	5.76
104	Acco Ag	9%	95	Jan 80	13.50	5.76
105	Acco Ag	9%	95	Jan 80	13.50	5.76
106	Acco Ag	9%	95	Jan 80	13.50	5.76
107	Acco Ag	9%	95	Jan 80	13.50	5.76
108	Acco Ag	9%	95	Jan 80	13.50	5.76
109	Acco Ag	9%	95	Jan 80	13.50	5.76
110	Acco Ag	9%	95	Jan 80	13.50	5.76
111	Acco Ag	9%	95	Jan 80	13.50	5.76
112	Acco Ag	9%	95	Jan 80	13.50	5.76
113	Acco Ag	9%	95	Jan 80	13.50	5.76
114	Acco Ag	9%	95	Jan 80	13.50	5.76
115	Acco Ag	9%	95	Jan 80	13.50	5.76
116	Acco Ag	9%	95	Jan 80	13.50	5.76
117	Acco Ag	9%	95	Jan 80	13.50	5.76
118	Acco Ag	9%	95	Jan 80	13.50	5.76
119	Acco Ag	9%	95	Jan 80	13.50	5.76
120	Acco Ag	9%	95	Jan 80	13.50	5.76
121	Acco Ag	9%	95	Jan 80	13.50	5.76
122	Acco Ag	9%	95	Jan 80	13.50	5.76
123	Acco Ag	9%	95	Jan 80	13.50	5.76
124	Acco Ag	9%	95	Jan 80	13.50	5.76
125	Acco Ag	9%	95	Jan 80	13.50	5.76
126	Acco Ag	9%	95	Jan 80	13.50	5.76
127	Acco Ag	9%	95	Jan 80	13.50	5.76
128	Acco Ag	9%	95	Jan 80	13.50	5.76
129	Acco Ag	9%	95	Jan 80	13.50	5.76
130	Acco Ag	9%	95	Jan 80	13.50	5.76
131	Acco Ag	9%	95	Jan 80	13.50	5.76
132	Acco Ag	9%	95	Jan 80	13.50	5.76
133	Acco Ag	9%	95	Jan 80	13.50	5.76
134	Acco Ag	9%	95	Jan 80	13.50	5.76
135	Acco Ag	9%	95	Jan 80	13.50	5.76
136	Acco Ag	9%	95	Jan 80	13.50	5.76
137	Acco Ag	9%	95	Jan 80	13.50	5.76
138	Acco Ag	9%	95	Jan 80	13.50	5.76
139	Acco Ag	9%	95	Jan 80	13.50	5.76
140	Acco Ag	9%	95	Jan 80	13.50	5.76
141	Acco Ag	9%	95	Jan 80	13.50	5.76
142	Acco Ag	9%	95	Jan 80	13.50	5.76
143	Acco Ag	9%	95	Jan 80	13.50	5.76
144	Acco Ag	9%	95	Jan 80	13.50	5.76
145	Acco Ag	9%	95	Jan 80	13.50	5.76
146	Acco Ag	9%	95	Jan 80	13.50	5.76
147	Acco Ag	9%	95	Jan 80	13.50	5.76
148	Acco Ag	9%	95	Jan 80	13.50	5.76
149	Acco Ag	9%	95	Jan 80	13.50	5.76
150	Acco Ag	9%	95	Jan 80	13.50	5.76
151	Acco Ag	9%	95	Jan 80	13.50	5.76
152	Acco Ag	9%	95	Jan 80	13.50	5.76
153	Acco Ag	9%	95	Jan 80	13.50	5.76
154	Acco Ag	9%	95	Jan 80	13.50	5.76
155	Acco Ag	9%	95	Jan 80	13.50	5.76
156	Acco Ag	9%	95	Jan 80	13.50	5.76
157	Acco Ag	9%	95	Jan 80	13.50	5.76
158	Acco Ag	9%	95	Jan 80	13.50	5.76
159	Acco Ag	9%	95	Jan 80	13.50	5.76
160	Acco Ag	9%	95	Jan 80	13.50	5.76
161	Acco Ag	9%	95	Jan 80	13.50	5.76
162	Acco Ag	9%	95	Jan 80	13.50	5.76
163	Acco Ag	9%	95	Jan 80	13.50	5.76
164	Acco Ag	9%	95	Jan 80	13.50	5.76
165	Acco Ag	9%	95	Jan 80	13.50	5.76
166	Acco Ag	9%	95	Jan 80	13.50	5.76
167	Acco Ag	9%	95	Jan 80	13.50	5.76
168	Acco Ag	9%	95	Jan 80	13.50	5.76
169	Acco Ag	9%	95	Jan 80	13.50	5.76
170	Acco Ag	9%	95	Jan 80	13.50	5.76
171	Acco Ag	9%	95	Jan 80	13.50	5.76
172	Acco Ag	9%	95	Jan 80	13.50	5.76
173	Acco Ag	9%	95	Jan 80	13.50	5.76
174	Acco Ag	9%	95	Jan 80	13.50	5.76
175	Acco Ag	9%	95	Jan 80	13.50	5.76
176	Acco Ag	9%	95	Jan 80	13.50	5.76
177	Acco Ag	9%	95	Jan 80	13.50	5.76
178	Acco Ag	9%	95	Jan 80	13.50	5.76
179	Acco Ag	9%	95	Jan 80	13.50	5.76
180	Acco Ag	9%	95	Jan 80	13.50	5.76
181	Acco Ag	9%	95	Jan 80	13.50	5.76
182	Acco Ag	9%	95	Jan 80	13.50	5.76
183	Acco Ag	9%	95	Jan 80	13.50	5.76
184	Acco Ag	9%	95	Jan 80	13.50	5.76
185	Acco Ag	9%	95	Jan 80	13.50	5.76
186	Acco Ag	9%	95	Jan 80	13.50	5.76
187	Acco Ag	9%	95	Jan 80	13.50	5.76
188	Acco Ag	9%	95	Jan 80	13.50	5.76
189	Acco Ag	9%	95	Jan 80	13.50	5.76
190	Acco Ag	9%	95	Jan 80	13.50	5.76
191	Acco Ag	9%	95	Jan 80	13.50	5.76
192	Acco Ag	9%	95	Jan 80	13.50	5.76
193	Acco Ag	9%	95	Jan 80	13.50	5.76
194	Acco Ag	9%	95	Jan 80	13.50	5.76
195	Acco Ag	9%	95	Jan 80	13.50	5.76
196	Acco Ag	9%	95	Jan 80	13.50	5.76
197	Acco Ag	9%	95	Jan 80	13.50	5.76
198	Acco Ag	9%	95	Jan 80	13.50	5.76
199	Acco Ag	9%	95	Jan 80	13.50	5.76
200	Acco Ag	9%	95	Jan 80	13.50	5.76
201	Acco Ag	9%	95	Jan 80	13.50	5.76
202	Acco Ag	9%	95	Jan 80	13.50	5.76
203	Acco Ag	9%	95	Jan 80	13.50	5.76
204	Acco Ag	9%	95	Jan 80	13.50	5.76
205	Acco Ag	9%	95	Jan 80	13.50	5.76
206	Acco Ag	9%	95	Jan 80	13.50	5.76
207	Acco Ag	9%	95	Jan 80	13.50	5.76
208	Acco Ag	9%	95	Jan 80	13.50	5.76
209	Acco Ag	9%	95	Jan 80	13.50	5.76
210	Acco Ag	9%	95	Jan 80	13.50	5.76
211	Acco Ag	9%	95	Jan 80	13.50	5.76
212	Acco Ag	9%	95	Jan 80	13.50	5.76
213	Acco Ag	9%	95	Jan 80	13.50	5.76
214	Acco Ag	9%	95	Jan 80	13.50	5.76
215	Acco Ag	9%	95	Jan 80	13.50	5.76
216	Acco Ag	9%	95	Jan 80	13.50	5.76
217	Acco Ag	9%	95	Jan 80	13.50	5.76
218	Acco Ag	9%	95	Jan 80	13.50	5.76
219	Acco Ag	9%	95	Jan 80	13.50	5.76
220	Acco Ag	9%	95	Jan 80	13.50	5.76
221	Acco Ag	9%	95	Jan 80	13.50	5.76
222	Acco Ag	9%	95	Jan 80	13.50	5.76
223	Acco Ag	9%	95	Jan 80	13.50	5.76
224	Acco Ag	9%	95	Jan 80	13.50	5.76
225	Acco Ag	9%	95	Jan 80	13.50	5.76
226	Acco Ag	9%	95	Jan 80	13.50	5.76
227	Acco Ag	9%	95	Jan 80	13.50	5.76
228	Acco Ag	9%	95	Jan 80	13.50	5.76
229	Acco Ag	9%	95	Jan 80	13.50	5.76
230	Acco Ag	9%	95	Jan 80	13.50	5.76
231	Acco Ag	9%	95	Jan 80	13.50	5.76
232	Acco Ag	9%	95	Jan 80	13.50	

## (Continued from Page 15)

[illegible]

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## Chicago Exchange Options

For the Week Ending Feb. 22, 1985

[illegible]

NYSE	593.30	2 1/2	1 1/2	1 1/2
AMEX	100.00	1 1/2	1 1/2	1 1/2
NASDAQ	428.00	2 1/4	2 1/4	2 1/4
Gold	438.00	1 1/2	1 1/2	1 1/2
GrCde	438.00	1 1/2	1 1/2	1 1/2

Volumes: 32,366,000 shares  
 Turnover in Dollars: 34,340,000  
 Issues Traded in: 186  
 Issues Traded: 297  
 Declines: 458  
 Unchanged: 141  
 New Highs: 89  
 New Lows: 150

## Pickens Raises Stake in Unocal

*United Press International*

NEW YORK — T. Boone Pickens Jr., the chairman of Mesa Petroleum Co., and his partners have raised their stake in Unocal Corp. to 9.7 percent from 8.5 percent, a filing with the Securities and Exchange Commission shows.

Unocal, based in Los Angeles, has frequently been mentioned as a potential acquisition target even though it has adopted some of the strongest anti-takeover defenses in the oil industry. Mr. Pickens said he does not plan to pursue control of Unocal but has earmarked funds to buy as much as 15 percent of the company's stock.

Unocal stock closed down 12.5 cents, at \$46.625, Friday on the New York Stock Exchange.

## Raytheon Wins Contracts

*Reuters*

WASHINGTON — Raytheon Co.'s missile systems division won U.S. Army contracts of \$107.2 million for 145 Patriot missiles, five firing units and ancillary items, and for \$76 million to produce, manufacture and test 550 4.2-inch guided anti-airarmor mortar projectiles, the Defense Department said.

## Gold Prices (prices in \$/oz.).

Prices	Feb.	May	Aug.
290	875-1025	79.3-21.00	
300	1.25-2.20	100.14-9	81.5-20.00
310	0.05-0.30	8.00-9.40	11.75-12.75
320	0.05-0.30	4.20-6.00	11.25-12.75
330	0.05-0.25	2.25-3.50	8.00-9.50
		1.25-2.25	5.50-7.00

Gold: 285.00-290.00

## Valours White Weld S.A.

1, rue de la Madeleine  
 1211 Geneva 1, Switzerland  
 Tel. 31.62.51 - Telex 28.365

## Week ended Feb. 22

\_\_\_\_\_

**Consolidated Trading  
Of AMEX Listing**  
Week ended Feb. 22

**[REDACTED]**

Volume: 32,300,000 shares  
Year to Date: 364,590,000 shares  
Issues traded in: 886  
Advances: 295; declines: 450  
Unchanged: 141  
New Highs: 89; new lows: 10

**United Press International**

NEW YORK — T. Boone Pickens

ens Jr., the chairman of Mesa Petroleum Co., and his partners have raised their stake in Unocal Corp. to 9.7 percent from 8.5 percent, a filing with the Securities and Exchange Commission shows.

Unocal, based in Los Angeles, has frequently been mentioned as a potential acquisition target even though it has adopted some of the strongest anti-takeover defenses in the oil industry. Mr. Pickens said he does not plan to pursue control of Unocal but has earmarked funds to buy as much as 15 percent of the company's stock.

Unocal stock closed down 12.5 cents, at \$46.625, Friday on the New York Stock Exchange.

**Reuters**  
WASHINGTON, D.C.

WASHINGTON — Raytheon Co.'s missile systems division won U.S. Army contracts of \$107.2 million for 145 Patriot missiles, five firing units and ancillary items, and for \$76 million to design, manufacture and test 550 4.2-inch guided anti-armor mortar projectiles, the Defense Department said.

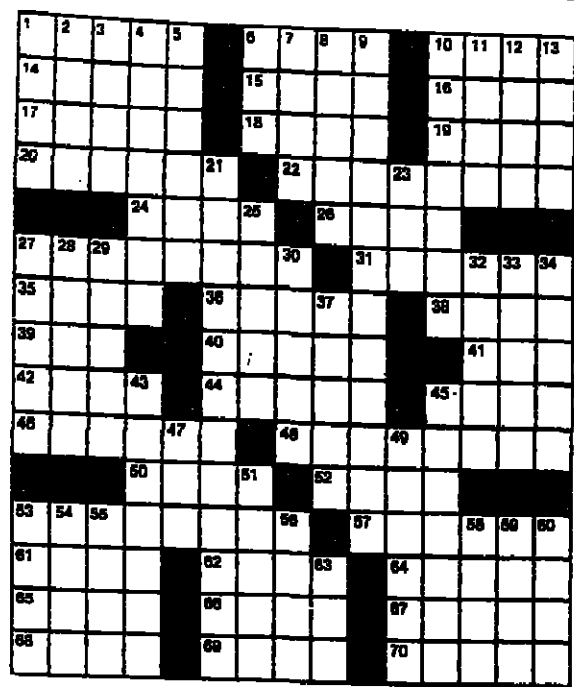
Prices	Feb	May	Aug
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290	8.75-10.25	19.50-21.00	---
300	1.25-2.50	13.00-14.50	21.50-23.00
310	0.05-0.30	8.00-9.50	15.75-17.25
320	0.01-0.30	4.50-6.00	11.25-12.75
330	0.04-0.25	2.50-4.00	8.00-9.50
340	---	1.25-2.50	5.50-7.00

**Volume NW34c NW-1d S. 4**

**VALCHES WHITE WINE S.A.**  
1, Quai du Mont-Blanc  
1211 Geneva 1, Switzerland  
Tel. 31 02 51 - Telex 28 305





- ACROSS**
- 1 Large, thick pieces  
6 Cicatrix  
10 Expense  
14 Chaos  
15 Hawaiian island  
16 Butter's rival  
17 Witch doctor's fetish  
18 Secluded spot  
19 Plant  
20 Panic  
22 Varied  
24 Entranceway  
26 Caper  
27 Kneecaps  
31 Typical  
35 Cargo  
38 Chinese weight  
39 Yarn  
40 Rainbow  
41 Spouse's relative  
42 Antique  
43 "How sweet"  
44 African lake  
45 Punctilious one  
46 Frat brother's activity
- DOWN**
- 1 Injection  
2 French poet  
3 Declare  
4 Got on  
5 Academy  
6 Soak, in  
7 Serene  
8 In the van  
9 Gleason  
10 Solace  
11 Mixture  
12 Hawk  
13 Related  
21 Vagabond  
23 Altar words  
25 Wet  
27 Glen  
28 Main  
29 Implied but unspeakable  
30 Caesar or Waldorf  
32 New Zealand native  
33 Spent  
34 Shelf  
37 Twangy  
43 Ky's  
45 Pennyroyal, e.g.  
47 Teachers' org.  
48 Riddle  
51 Indian soldier, formerly  
53 High-school dance  
54 Vishnu  
55 A tear  
56 Rejoice  
58 Member of the U.N.  
59 "boy!"  
60 "majesty"  
63 Stripling

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DENNIS THE MENACE



"Dennis' folks must be awfully poor. They made a big fuss when his baby sister swallowed a penny."

JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

LICCO  
ORFID  
BONKER  
APHERM

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: \_\_\_\_\_

(Answers tomorrow)

Friday's Jumbles: FOCUS BALKY TORRID LEWAY

Answer: Break a hyphen permits you to do—WHOLE YOUR WORD

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	15	9	Bangkok	32	24
Amsterdam	15	9	Beijing	32	24
Athens	15	9	Hong Kong	32	24
Bari	15	9	Kobe	32	24
Bombay	15	9	Manila	32	24
Buenos Aires	15	9	Osaka	32	24
Calcutta	15	9	Seoul	32	24
Cairo	15	9	Shanghai	32	24
Canton	15	9	Taipei	32	24
Cebu	15	9	Tokyo	32	24
Colon	15	9	Yokohama	32	24
Dakar	15	9			
Dallas	15	9			
Dublin	15	9			
Edinburgh	15	9			
Geneva	15	9			
Helsinki	15	9			
Istanbul	15	9			
Los Angeles	15	9			
London	15	9			
Madrid	15	9			
Moscow	15	9			
Munich	15	9			
Nice	15	9			
Paris	15	9			
Prague	15	9			
Rangoon	15	9			
Rome	15	9			
Stockholm	15	9			
Switzerland	15	9			
Vancouver	15	9			
Warsaw	15	9			
Zurich	15	9			

**MIDDLE EAST**

Athens 15, 9  
Beirut 15, 9  
Damascus 15, 9  
Jerusalem 15, 9  
Tel Aviv 15, 9

**OCEANIA**

Auckland 22, 15  
Sydney 22, 15  
Wellington 22, 15

**NONDAY'S FORECAST** — CHANNING, SEAN, FRANKFURT: Partly, 15-21 (14-21). PARIS: Partly, 15-21 (14-21). NEW YORK: Partly, 15-21 (14-21). LOS ANGELES: Partly, 15-21 (14-21). HONG KONG: Partly, 15-21 (14-21). BANGKOK: Partly, 15-21 (14-21). TOKYO: Partly, 15-21 (14-21). SINGAPORE: Partly, 15-21 (14-21). THAI: Partly, 15-21 (14-21). PHILIPPINES: Partly, 15-21 (14-21). MALAYSIA: Partly, 15-21 (14-21). INDONESIA: Partly, 15-21 (14-21). AUSTRALIA: Partly, 15-21 (14-21). SOUTH AFRICA: Partly, 15-21 (14-21). BRAZIL: Partly, 15-21 (14-21). ARGENTINA: Partly, 15-21 (14-21). CHILE: Partly, 15-21 (14-21). PERU: Partly, 15-21 (14-21). COLOMBIA: Partly, 15-21 (14-21). VENEZUELA: Partly, 15-21 (14-21). CUBA: Partly, 15-21 (14-21). DOMINICAN REPUBLIC: Partly, 15-21 (14-21). GUATEMALA: Partly, 15-21 (14-21). HONDURAS: Partly, 15-21 (14-21). NICARAGUA: Partly, 15-21 (14-21). COSTA RICA: Partly, 15-21 (14-21). PANAMA: Partly, 15-21 (14-21). ECUADOR: Partly, 15-21 (14-21). GUINEA: Partly, 15-21 (14-21). 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## SPORTS

## Spinks Retains Crown on TKO

United Press International

ATLANTIC CITY, New Jersey — Michael Spinks needed six minutes of play and 62 seconds of work Saturday to retain his undisputed light-heavyweight title against David Sears.

After losing the first two rounds on two of the judges' cards, Spinks decked Sears with an overhand right early in the third round and pounded away with both hands until referee Larry Hazzard stopped the fight at 1:02 of the round.

"I knew I could hit him with the right from the start," Spinks said after his ninth title defense. "I hit him with the straight right hand right away, but being off for awhile and being in such good condition, I fooled around and wound down."

Spinks improved to 26-0 with 18 knockouts in his first fight in nearly a year.

He last defended his 175-pound (79.5-kilogram) title by winning a 12-round decision over Eddie Davis on Feb. 25, 1984.

Sears, the World Boxing Associ-

ation's second-ranked contender, fell to 16-1-1.

Spinks, who is considering a move up to the heavyweights, weighed in at a surprisingly light 170½. Sears, who weighed 174½, thought he could take advantage of his superior weight and Spinks's habit of starting slowly.

Spinks needed two rounds to size up Sears, who scored with several combinations to the head in the first two rounds.

Spinks did little in the first round, although he gave an indication of things to come when he landed a hard right to the head just seconds into the fight.

Late in the second round, with his back to the ropes, Spinks stunned Sears with a chopping right to the head. The shot brought Spinks to life as he sent jabs at Sears late in the round.

At the start of the third round, Sears began to throw a left hook but Spinks beat him to the mark with an overhand right and Sears fell face first to the canvas.

Sears took a six-count, and

Spinks sprinted across the ring and pounded him in a neutral corner.

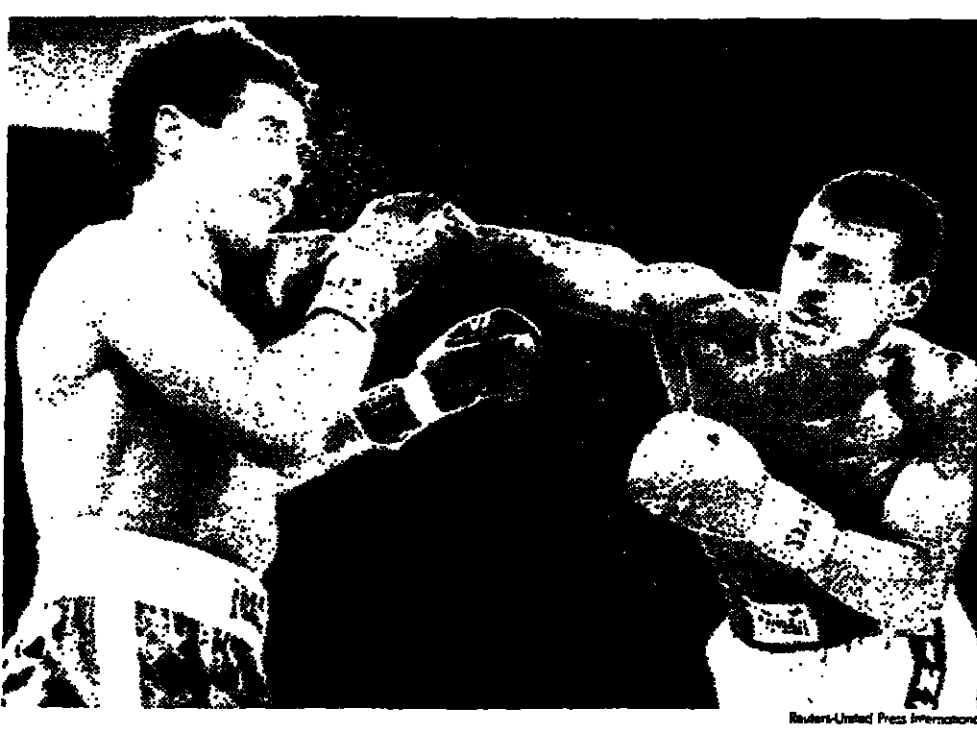
Using left hooks and right uppercuts, Spinks peppered the flailing Sears to the head until Hazzard broke the fighters but let the action continue. Spinks resumed his attack, and after a brief two-handed flurry to the head, Hazzard separated the fighters again and stopped the bout.

"I was looking for it, but I was on my own offense at the time and he came back with the right," Sears said of the knockdown punch.

Spinks, 28, won the WBA title with a 15-round decision over Eddie Mustafa Muhammad, on July 18, 1981, and the World Boxing Council crown with a 15-round decision over Dwight Muhammad Qawi on March 18, 1983.

It was the second victory in three days for the brothers Spinks. Leon, 31, the former heavyweight champion, ended a layoff of almost two years Thursday night when he stopped Lupe Guerra in the fourth round in Detroit.

(UPI, AP)



Michael Spinks catches David Sears with a right in the second round of their fight.

## For a Man of Peace, McGuigan Is Becoming Quite a Fighter

Compiled by Our Staff From Dispatches

BELFAST — Barry McGuigan is an Irish-born fighter who holds the British and European featherweight crowns, and who moved a step closer to a world title fight Saturday when he scored a 10-round points victory over the former World Boxing Council champion, Juan LaPorte, at the Kings Hall.

As he won his fight here in Northern Ireland, both Catholics and Protestants were rooting for him. That is because when McGuigan gets into the ring, civil strife is forgotten.

McGuigan likes it that way. A Catholic married to a Protestant, he has been outspoken in the cause of peace.

"They should let me do the fighting," he says. "I believe that peace is our only hope."

Although LaPorte, from Puerto Rico, was the most experienced fighter, having won 24 of 25 professional bouts, the 23-year-old McGuigan's biggest fear was the memory of just how devastating his own punches can be.

In a fight in London in 1982 he knocked out a Nigerian fighter, Alima Mustafa, with a flurry of blows to the head. Mustafa never regained consciousness. He survived on a life-support system for several months but, after he was taken back to Nigeria, the system was disconnected and he died. That prompted hate mail that added to McGuigan's already deep distress.

The support of his family and his manager, Barney Eastwood, helped him return to the ring before the end

of the year, winning two fights against weak opponents. Since then he has not looked back.

By defeating a name fighter such as LaPorte, McGuigan and his supporters hope he will become well enough known in the United States that he cannot be denied more bouts against top competition. If so, his fans are convinced, he will take his place in the long line of great Irish fighters, stretching from the bare-knuckled Dan Donnelly through John L. Sullivan to Gene Tunney.

There also are those who say that McGuigan has had a sheltered career and that without the backing of the Belfast fight crowd he will be just another boxer with no chance of winning the fame accorded Donnelly, whose mummified arm is preserved in a glass case in a barroom in Kildair.

McGuigan dismisses such talk. "I have challenged them all," he said. "I have said I'll fight whoever they want me to. I'm not afraid of fighting outside Belfast."

He is also the ranking contender for the British Commonwealth crown, but so far has not been able to get a fight with the WBC champion, Azumah Nelson of Ghana, or the World Boxing Association champion, Eusebio Pedroza of Panama.

McGuigan was born in Clones on the southern side of the Irish border on Feb. 28, 1961. His father, Pat, was a one-night-stand singer and was constantly away from home on the dance-floor circuit. Too young and too far away to become really interested or directly involved in the civil strife of the era, McGuigan took

up boxing at the Smithboro Club down the road from his home, and became single-minded in his pursuit of excellence in the sport.

Now, he gets support from both sides of the border, which has led to two nicknames. In Ireland he is known as the Clones Cyclone. In Northern Ireland he is the Belfast Bomber.

As McGuigan works to live up to the latter nickname in the ring, he strives to end the real bombings that have marked the Catholic-Protestant conflict.

If the talk in the bars and on the streets is any indication, he is at least doing his part. Discussions recently did not focus on bombs or politics. Rather, the issue was how tickets for the fight could be found.

It seems unlikely that a boxer can affect deep-rooted sectarian hatreds, but when McGuigan entered the ring at Kings Hall, the cheers from the crowd might have given skeptics pause. He entered following a blue-and-white United Nations flag and carrying an olive branch.

"If I can make people a little more aware of the desire for peace by all sides in Ireland by carrying the flag of peace," he says, "then that is my contribution. That is the best I can do."

Against LaPorte, in a fight televised in the United States and Britain, McGuigan defied an early cut to, hopefully, set up a showdown either with Nelson or Pedroza.

LaPorte, a New York-based fighter who lost the title to Wilfredo Gomez last year and now is ranked

third in the super-featherweight division, was soundly beaten by the Irishman, who is ranked fourth in the world. The victory was McGuigan's 19th straight, 20 coming by knockouts. LaPorte, who weighed 127½ pounds to McGuigan's 127, now is 25-6.

McGuigan was caught only twice. He tried to mix it in the middle of the fifth round and LaPorte landed a stiff, short right that shook the Irishman. LaPorte followed up but McGuigan weathered the attack and even got through with a stinging left hook of his own near the end of the round.

LaPorte, who held the world title for nine months, hurt McGuigan with a right hook in the ninth, but the European champion had the wit to avoid the follow-up.

Apart from those two brief moments of anxiety, McGuigan dominated his opponent to a remarkable degree.

LaPorte, who has never been knocked to the canvas during a career that includes six fights against world champions, was rocked by a right hook in the last minute of the fight, but he had the stamina to hold out.

British referee Harry Gibbs raised McGuigan's hand after the bell. The victory was by 99 points to 97. "Good fighters bring out the best in me," said McGuigan, who had a small nick by his right eye and another on his nose. "I don't think I've fought better."

"He [LaPorte] is a very nice man, a gentleman. He was a very, very slick opponent." (NYT, AP, UPI)

## Oilers Get 2 Late Goals In 3-3 Tie With Capitals

By Robert Facher

EDMONTON, Alberta — The Washington Capitals were two goals ahead with less than 17 minutes left in regulation time, and were preparing to celebrate a rare

## NHL FOCUS

victory over the Edmonton Oilers Saturday night.

Instead, they settled for a tie. Jani Kurri and Mark Napier scored two minutes apart to even matters for the Oilers, and, despite some great chances on each side during a five-minute overtime period, it ended that way.

It was the second 3-3 result here this season between the National Hockey League teams with the two best records. Each time the Oilers came from behind in the third period to frustrate the Capitals, who have won here only once in six years.

The Oilers beat the Capitals, 8-5, on Nov. 9, in their only meeting this season at Washington's home rink in Landover, Maryland.

Saturday's game, which may well be a preview of the Stanley Cup final, left Edmonton with 93 points, the best total in the league and 12 points better than Washington.

In other NHL games Saturday, it was Calgary 5, New Jersey 1; Toronto 4, Detroit 2; the New York Islanders 7, Boston 1; Los Angeles 2, Hartford 1 in overtime; Montreal 6, Winnipeg 4; Quebec 7, Vancouver 5, and Pittsburgh 3, Minnesota 1.

On Friday, it was Edmonton 6, Quebec 3; St. Louis 4, Buffalo 1; the New York Rangers 8, Pittsburgh 3, and Minnesota 4, Chicago 1.

The first period of the Oilers-Capitals game produced tight checking on both sides. Each team scored a goal out of an official total of six shots for Washington, two for Edmonton.

The Capitals moved in front at 3:06 on Lou Franceschetti's second goal of the season, off a rebound from a shot by Scott Stevens.

Edmonton caught up at 14:14 as Paul Coffey skated down the left



Mark Napier

side, drawing most of the defenders to him, and then put a rinkwide pass on the stick of Pat Hughes.

In the second period, the Capitals took a 2-1 lead while Glenn Anderson was in the penalty box for knocking Franceschetti. Bobby Carpenter scored at 11:14, his 45th goal, off feeds from Stevens and Mike Gartner.

Each team took 11 shots in the period, and Washington goalie Pat Riggin made a couple of excellent saves. He thwarted Hughes's breakaway backhand and he stopped Wayne Gretzky circling out from behind the net.

Edmonton goalie Andy Moog stopped both Franceschetti and Greg Adams on attempted jams from behind and he made a good save on Gartner after Franceschetti set him up in front.

At 3:09 of the third period, Gartner's 39th goal raised Washington's margin to 3-1, off a two-on-one break. Gaston Duchesne and Carpenter assisted.

The Capitals were given little time to celebrate. A Gretzky pass from behind the goal line found Kurri open in front, and he beat Riggin for his 59th goal at 3:36. It gave Kurri 113 points, matching his NHL high, and the assist extended Gretzky's most recent scoring streak to 10 games.

## SCOREBOARD

## Hockey

## NHL Standings

WALEN CONFERENCE						Chicago
Pacific Division						Moscow
	W	L	T	Pts	GF	Giles
Washington	24	16	9	255	181	295 (14)
Philadelphia	25	16	7	77	250	214-80
N.Y. Islanders	22	24	4	68	277	Edmen-
N.Y. Rangers	20	29	4	49	219	34
Pittsburgh	20	23	5	45	265	kurri
New Jersey	18	23	4	44	204	(25), G-
						Lemieu-
						bec lon-
						Gosseli-
Adams Division						
Montreal	20	21	10	70	234	203
Buffalo	28	18	12	68	214	169
Quebec	30	24	8	68	255	228
Ottawa	26	26	8	60	218	214
		</				

## Atlantic Division

Los Angeles	26	21	10	66	227	217	Warr (Calif.)
Chicago	27	30	4	58	235	226	Boston
Pittsburgh	18	32	4	47	234	274	N.Y. Is.
Minnesota	17	33	11	45	266	244	Los For
Colorado	15	39	7	37	191	267	Gillies
							Crowder
							Smith)
Edmonton	43	12	7	93	318	212	Peters
Calgary	30	24	7	67	279	243	Les As
Winnipeg	30	26	7	67	266	276	Hartford
San Angeles	27	23	11	65	271	253	Kelly (Calif.)
San Jose	18	35	8	44	211	231	

## CAMPBELL CONFERENCE

Louis	0	2	3-4
Buffalo	0	1	0-1
Pawlowski (17), Hickey (7), Federka (22),			
Alton (6); Andreychuk (24). Shots on goal:			
L. Lewis (on Saue) 6-10-7-22; Buffalo (on			
Jarmak) 5-6-12-23.			
Y. Rappers	4	0	4-8
Sundstam	0	1	3-3
Lundström 3 (14), Ruotsalainen (7), S. Pat-			
rick (10), Broake (4), Grieschner (11), Hed-			
berg (13), Sheden 2 (30), Lemieux (22). Shots			
3-20-8.			

## Savoy Division

# European Soccer

**WORLD CUP QUALIFYING**  
**European Group Two**

West Germany 2, Portugal 1  
Points Standings: West Germany, Portugal  
Sweden 4; Czechoslovakia 2; Malta 0.  
Next Matches: March 27, West Germany vs.  
Malta; April 20, Malta vs. Czechoslovakia.

## FRIDAY'S RESULTS

St. Louis	2	1	0
Buffalo	0	1	0
Pittsburgh	1	0	0
Philadelphia	1	0	0
Washington	1	0	0
Los Angeles	1	0	0
San Jose	1	0	0
San Francisco	1	0	0
San Diego	1	0	0
San Antonio	1	0	0

## EUROPEAN Soccer

## WORLD CUP QUALIFYING

West Germany 2, Portugal 1	Poland 1, Czechoslovakia 2
West Germany 2, Portugal 1	Poland 1, Czechoslovakia 2
West Germany 2, Portugal 1	Poland 1, Czechoslovakia 2
West Germany 2, Portugal 1	Poland 1, Czechoslovakia 2
West Germany 2, Portugal 1	Poland 1, Czechoslovakia 2

## ENGLISH FIRST DIVISION

Sheff Wed 1, Wigan 1	Arsenal 1, Man Utd 1
Sheff Wed 1, Wigan 1	Arsenal 1, Man Utd 1
Sheff Wed 1, Wigan 1	Arsenal 1, Man Utd 1
Sheff Wed 1, Wigan 1	Arsenal 1, Man Utd 1
Sheff Wed 1, Wigan 1	Arsenal 1, Man Utd 1

## FEDERAL FIRST DIVISION

Metz 1, Toulon 0	Sachaux vs. Nancy, postponed
Metz 1, Toulon 0	Sachaux vs. Nancy, postponed
Metz 1, Toulon 0	Sachaux vs. Nancy, postponed
Metz 1, Toulon 0	Sachaux vs. Nancy, postponed
Metz 1, Toulon 0	Sachaux vs. Nancy, postponed

## ITALIAN FIRST DIVISION

Azzurri 2, Fiorentina 1	Cremone 2, Lazio 0
Azzurri 2, Fiorentina 1	Cremone 2, Lazio 0
Azzurri 2, Fiorentina 1	Cremone 2, Lazio 0
Azzurri 2, Fiorentina 1	Cremone 2, Lazio 0
Azzurri 2, Fiorentina 1	Cremone 2, Lazio 0

## Transition

## BASEBALL

## CHICAGO—Signed Gullien, shortstop, to a one-year contract.

## Basketball

## NBA Standings

EASTERN CONFERENCE				
Atlantic Division				
	W	L	Pct.	GB
Boston	45	12	.789	—
Philadelphia	44	12	.786	½
Washington	38	28	.577	15½
New Jersey	28	29	.491	17
New York	19	37	.339	25½
Central Division				
Milwaukee	39	18	.684	—
Detroit	32	25	.561	7
Chicago	26	29	.473	12
Atlanta	24	32	.429	14½
leveland	20	37	.351	19

## Central Division

Denver	35	21	A25	—
Houston	33	23	589	2
Los Angeles	32	25	561	3½
San Antonio	28	28	500	7
Toronto	27	29	482	8
San Jose City	18	38	321	17
Pacific Division				
San Jose City	40	17	702	—
Los Angeles	27	20	474	13
San Francisco	25	31	446	14½
Seattle	24	30	419	15½

## WESTERN CONFERENCE

FRIDAY'S RESULTS				
Detroit	24	28	21	32-99
Philadelphia	25	22	35	28-718
Barkley	12-14	5-9	29, Malone	6-16
Johnson	8-20	3-4	19, Lang	8-15
5-7	17, Reboredo	Detroit	39	(Loimbeer 8), Philadelphia
54	(Barkley 18), Assists: Detroit	(V. Johnson 15), Philadelphia	33	(Toney 9), Golden State
28	34	26	33-127	
New Jersey	37	35	26	26-127
Short	13-26	8-11	33, Floyd	12-15
7-9	32, Bird-			

## Pacific Division

(Gminski 15), Assists: Gordon Stone 22 (Whit-				
71), New Jersey 27 (Richardson 15),				
Chicago	25	21	24	35-105
San	32	21	33	29-115
Blair 16-28 0-0 34, McHale 9-16 6-9 24; Jordan				
18 18-12 26, Woolridge 7-15 4-7 18, Corzine 8-13				
13, Roberts: Chicago 47 (Johnson 9),				
30 (McHale, Parish 17), Assists: Chi-				
ago 24 (Jordan 7), Boston 24 (Johnson 12),				
New York	23	29	23	29-113
Atlanta	26	23	25	31-105
Blair 15-20 5-6 25, Cummings 12-21 0-0 25,				

## FRIDAY'S RESULTS

Philadelphia	95	88	1
Portland	95	88	1
Portland	95	88	1
Portland	95	88	1
Portland	95	88	1

## Selected U.S. College Scores

## FRIDAY'S RESULTS

Columbia	58	50	8
Harvard	58	50	8
Harvard	58	50	8
Harvard	58	50	8
Harvard	58	50	8

## SATURDAY'S RESULTS

Harvard	58	50	8
Harvard	58	50	8
Harvard	58	50	8
Harvard	58	50	8
Harvard	58	50	8

## Tennis

## MEN'S TOURNAMENTS

Elliot Telcher (2), U.S., def. Ramesh Krishnan (4), India, 6-4, 6-3.	Kevin Curran (3), South Africa, def. Peter Scholtz (2), U.S., 6-4, 6-3.
Elliot Telcher (2), U.S., def. Ramesh Krishnan (4), India, 6-4, 6-3.	Kevin Curran (3), South Africa, def. Peter Scholtz (2), U.S., 6-4, 6-3.
Elliot Telcher (2), U.S., def. Ramesh Krishnan (4), India, 6-4, 6-3.	Kevin Curran (3), South Africa, def. Peter Scholtz (2), U.S., 6-4, 6-3.
Elliot Telcher (2), U.S., def. Ramesh Krishnan (4), India, 6-4, 6-3.	Kevin Curran (3), South Africa, def. Peter Scholtz (2), U.S., 6-4, 6-3.
Elliot Telcher (2), U.S., def. Ramesh Krishnan (4), India, 6-4, 6-3.	Kevin Curran (3), South Africa, def. Peter Scholtz (2), U.S., 6-4, 6-3.

## WOMEN'S TOURNAMENTS

Zina Garrison, U.S., def. Barbara Potter, U.S., 7-6, 6-4, 6-1.	Helena Sukova, Czechoslovakia, def. Andrea Temesvari, Hungary, 7-6, 6-2.
Zina Garrison, U.S., def. Barbara Potter, U.S., 7-6, 6-4, 6-1.	Helena Sukova, Czechoslovakia, def. Andrea Temesvari, Hungary, 7-6, 6-2.
Zina Garrison, U.S., def. Barbara Potter, U.S., 7-6, 6-4, 6-1.	Helena Sukova, Czechoslovakia, def. Andrea Temesvari, Hungary, 7-6, 6-2.
Zina Garrison, U.S., def. Barbara Potter, U.S., 7-6, 6-4, 6-1.	Helena Sukova, Czechoslovakia, def. Andrea Temesvari, Hungary, 7-6, 6-2.
Zina Garrison, U.S., def. Barbara Potter, U.S., 7-6, 6-4, 6-1.	Helena Sukova, Czechoslovakia, def. Andrea Temesvari, Hungary, 7-6, 6-2.

## Tobogganing

## EUROPEAN CHAMPIONSHIPS

## (At Sarajevo, Yugoslavia)

## First place after four heats:

## 1. Peter Scholtz, Switzerland, 3 minutes 55.96 seconds.

## 2. Andreas Schmid, Austria, 3:57.50.

## 3. Urs Viscogli, Switzerland, 3:58.20.

## 4. Michael Gruber, Austria, 3:59.17.

## 5. Martin Thaler, Austria, 3:59.37.

## 6. Alfred Martini, Austria, 3:59.97.

## 7. Hans Peter Schrimmer, West Germany, 4:00.20.

## 8. Erich Graf, Switzerland, 4:01.76.

## 9. Frank Pflieger, West Germany, 4:02.67.

## 10. Jochen Reier, Austria, 4:02.77.

## 11. Roland Wirth, Switzerland, 4:03.00.

## Brisco-Hooks, Dixon Each Set 2 Marks

By Randy Harvey

Los Angeles Times Service

NEW YORK — Diane Dixon and Valerie Brisco-Hooks have been stepping on each other's shadows a lot lately, which could only lead to one thing. They got on each other's nerves.





Meeting with about 44 members of the bipartisan National Tax Association, which is this annual winter conference, Reagan praised the governors for their states through 1980.

But he repeated his opinion that the state governments have cumulative budget deficits of about \$6 billion, are absorbing further cuts in personnel aid.

Mr. Reagan said: "The only no modification for the federal government is running a deficit, to be using money to be spent by municipal governments, which are now running surpluses."

"I ask particularly for you and understanding, not politicians of a Democrat," but in the spirit of partnership and as one chief executive.

"I hope you can understand these tough calls have to now at the federal level."

The governors contend budget surpluses are more could do little to help the federal budget deficit, projected about \$29 billion a year, part of the decade if not taken.

On Sunday, the associative executive committee passed a motion urging Congress and the House to make deeper cost-cutting spending, freeze cost adjustments for Social Security payments and consider revenue increases to help balance the budget.

Governor John W. Carlin, a Democrat who is chairman of the association, said yesterday afternoon that the session, the president and his successor, David A. Stockman, was disappointing.

"Collectively," Mr. Carlin "between [Mr. Reagan's] questions and what Mr. Reagan said, it was a

